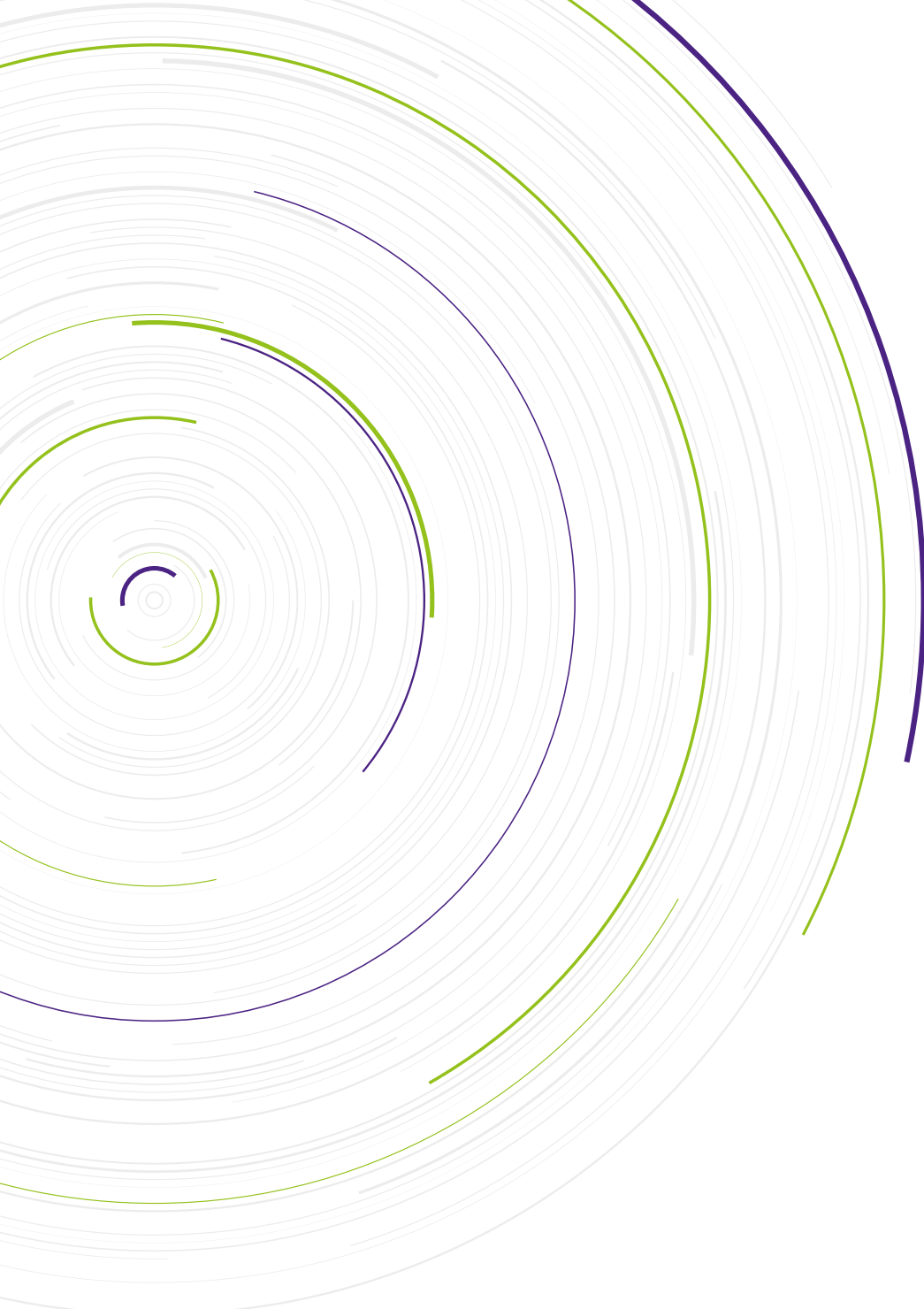


BUILDING DREAMS

ANNUAL REPORT 2019



MUGHAL
STEEL



BUILDING **DREAMS**

Dreams are perceived overnight but are completed over a life time. Ultimate product of our every product is a dream getting fulfilled, whether be a small house or a mega structure. At Mughal steel we make sure that your dreams have the strength and safety to become an everlasting reality. This year our cover story reflects the idea of us helping our customers building their dreams.

ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2019. With this report we aim to provide all our stakeholders with a transparent and balanced appraisal of the material issues that faced our business during the year under review. The report should be read in conjunction with the full financial statements.

Scope And Boundary Of This Report

This annual report covers the period from July 01, 2018 to June 30, 2019. The previous annual report covered the 2017-2018 financial year. This annual report provides an account of the Company's operational, financial, economic, social and environmental performance, as well as governance, during the period under review etc.

Our Two Reports Annual Report

This printed annual report also available online at http://www.mughalsteel.com/investor-report-and-presentation/#Annual_Reports is intended to provide readers with an overview of our operations during the year. It includes messages from leadership, financial and operational reviews, corporate governance and risk management reports, summarized financial statements and information for shareholders.

Annual Financial Statements

The full financial statements included in this report and also available on our above mentioned website provide a comprehensive insight into the financial position and performance of the Company for the year under review.

Forward Looking Statements

This annual report contains certain "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."

The statements include known and unknown risks and opportunities, other uncertainties and important factors that could turn out to be materially different following the publication of actual results.

These forward looking statements speak only as of the date of this document. The Company undertakes no obligation to update publicly or release any revisions to these forward looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Feedback

Please provide us with your feedback. We value feedback from our stakeholders and use it to ensure that we are reporting on the issues that are relevant to them. Please take the time to give us your feedback on this report. Your emails are welcomed at fahadhafeez@mughalsteel.com.

KEY FIGURES

Sales Revenue
(2018: 22,226)
30,828
Rs. in Millions

Profit For The Year
(2018: 1,290)
1,373
Rs. in Millions

Profit Before Taxation
(2018: 1,604)
1,737
Rs. in Millions

Return on
Capital Employed
(2018: 17.24)
14.35
Percentage

EBITDA
(2018: 2,291)
2,675
Rs. in Millions

Capital Expenditure
(2018: 2,205)
Rs. in Millions
2,435

Earnings Per Share
(2018: 5.13)
Rs.
5.46

Total Assets
(2018: 17,475)
Rs. in Millions
22,641

Break-Up Value
Per Share
(2018: 29.68)
Rs.
29.82

Current Ratio
(2018: 1.32)
Rs.
1.23

Shareholder's Equity
(2018: 7,466)
Rs. in Millions
7,504

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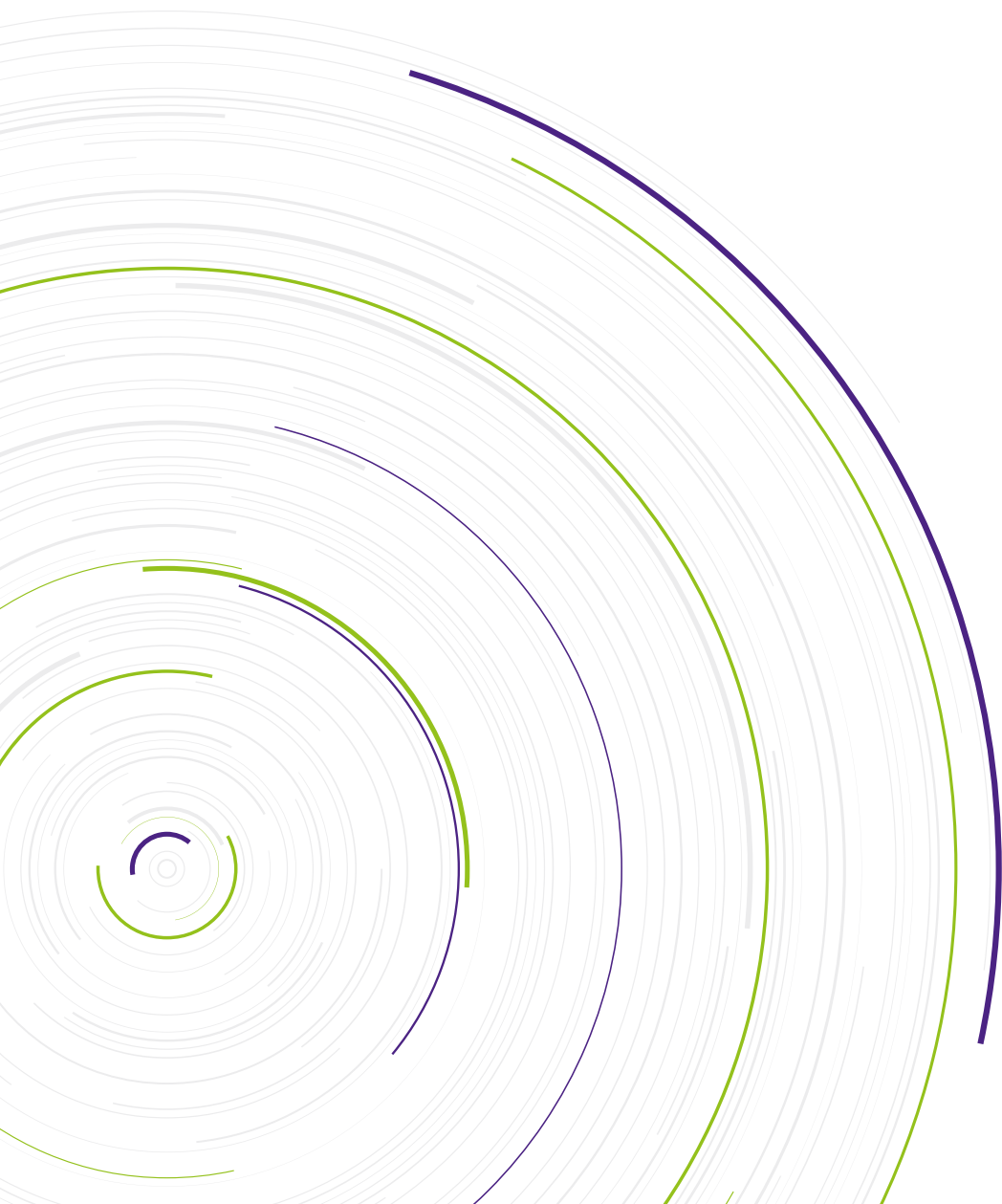
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01

ORGANIZATIONAL OVERVIEW & **EXTERNAL ENVIRONMENT**

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VISION, MISSION
& OVERALL
**CORPORATE
STRATEGY**





VISION STATEMENT

To be a leading corporate entity in the steel sector which is recognized both at the industry level and national level, endeavoring to achieve excellence in core business while striving to explore multiple growth opportunities, remaining ethically and socially responsible and strengthening the growing base of satisfied customers by providing quality and durable steel products.



MISSION STATEMENT

To meet the expectations of our customers in providing them with high quality, reliable and durable steel products, through product research, business process and information system improvement and up-gradation of technology. To meet the expectations of our employees by providing opportunities for professional growth and personal welfare. To meet the expectations of our shareholders by enhancing profitability and maximizing returns through achieving excellence in core business and exploring growth opportunities through diversification.



OVERALL CORPORATE STRATEGY

Maintaining our competitive position in the core business by employing professional and technical excellence, exploring new growth opportunities through diversification and creating value for our stakeholders.

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

The Basic Principles Of Our Code Of Conduct And Ethics

We believe the best way to build and to maintain trust is to conduct every element of our business according to the highest standards of integrity. Our ability to do so rests on the behavior of those who work here, from employees to our Chief Executive Officer to our Directors. To that end, we select our people based not just on their skills, accomplishments and potential, but also on their principles and values.

It is impossible to predict the various different unique circumstances our people will face during their careers. As such, the policies outlined in this Code should be viewed as the baseline of expected behavior. While ethical behavior requires us to comply fully with all laws and regulations, “compliance” with the law is the minimum standard to which we hold ourselves.

Our **Code of Conduct** consists of the following principles which all Directors and employees are required to apply in their daily work and observe in the conduct of Company’s business.

Compliance With Laws, Rules And Regulations

Every Director and employee must comply with all applicable laws, rules and regulations, including those related to insider trading, financial reporting, money laundering, fraud, bribery and corruption.

Personal Conflicts Of Interest

Every Director and employee is prohibited from indulging in actions or relationships that create personal conflicts of interest unless approved by the Company. It is important that every Director and employee carefully considers whether any of their activities or relationships, including business or volunteer positions outside the Company, could cause a conflict or the appearance of a conflict with the interests of the Company. Additionally, personal gain or advantage must never take precedence over one’s obligations to the Company. No Director or employee must ever use or attempt to use their position at the Company to obtain any improper personal benefit for themselves, their family member(s) or any other individual or group.

Fair And Ethical Competition

Every Director and employee must deal fairly with customers, suppliers, competitors and each other. No one at the Company may seek competitive advantage through illegal or unethical business practices. Taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice is a violation of this Code.

Protecting Confidential Information

Every Director and employee must maintain the confidentiality of the information with which they are entrusted, including complying with information barrier procedures applicable to our business. The only exception is when disclosure is authorized or legally mandated.

Equal Employment Opportunities And Commitment To Diversity

We do not tolerate any type of discrimination prohibited by law, including harassment. We value diversity as an important asset that enhances our culture, helps us satisfy customers well and maximizes return for shareholders. For us to excel, we must create for our people an inclusive environment that welcomes and supports differences and encourages input from all perspectives.

Political Contributions and Activities

Directors and employees are prohibited from making or soliciting political contributions or engaging in political activities.

Protecting and Properly Using Company's Assets

Everyone should protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes only.

Public Relations

All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

Health & Safety

The Company has strong commitment to the health and safety of its employees and preservation of environment. The Company perseveres towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

Non-Retaliation Policy

The Company strictly prohibits retaliation against anyone who reports in good faith a possible violation of the Code, no matter whom the report involves.

We pledge to comply and enforce the basic principles of Code of Conduct and prevent its violation. Any employee observing any violation or abuse of this Code of Conduct may bring the same to the notice of the Management in writing.

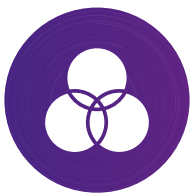
Culture

Our culture demonstrates the manifestation of shared values and beliefs, which we practice every day to move towards a better and more successful organization. Our values provide the foundation of our culture and bind us into a successful team yearning to outperform the competition.

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

Values

We attribute our persistent growth to the strength of our deep rooted values, which distinguish us and guide our actions. We tend to conduct our business in a socially responsible and ethical manner.



Integrity

We are dedicated to maintaining the highest ethical standards and ensuring openness and honesty in all our dealings by maintaining utmost integrity at all times.



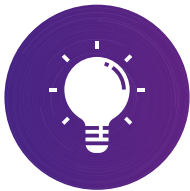
Trust

We trust, respect and support each other, and we strive to earn the trust of our customers and shareholders.



Diversity

We provide equal opportunities to all our employees without any bias against gender, race, ethnicity and religion.



Ingenuity

We seek new opportunities and out-of-the-ordinary solutions. We use our creativity to find unexpected and practical ways to solve problems. Our experience, technology and perseverance enables us to overcome challenges and deliver value.



Excellence

We make sure that we always do what we say we will and strive for excellence and quality in everything that we do.



Personnel Development

We are endeavored to foster a culture where people come first and we hire, develop, train and retain our people to work as synergized teams in line with our mission and vision.



Fairness

We are devoted to implement such policies and procedures, which translate into fair and equitable treatment of all stakeholders, including selection, hiring, rewarding and compensating all employees.



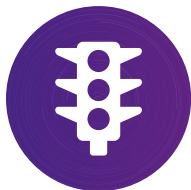
Teamwork

We are committed to fostering a culture where employees work as a team, listen to and respect each other, provide support to one another, work co-operatively and highly regard one another's views – making our work environment fun and enjoyable.



Customer Satisfaction

Our experience shows that if we satisfy our customers well, our own success will follow.



Laws & Regulations

We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.



Innovation

While recognizing that the old way may still be the best way, we constantly strive to find a better way of doing things. We pride ourselves on having pioneered many of the practices and techniques that have become standard in the industry.

COMPANY PROFILE

Principle Business Activities

Mughal Iron & Steel Industries Limited (“Mughal Steel”) was incorporated in 2010 as a public limited company. The Company took over the running business of a partnership concern by the name of “Mughal Steel” which had been in the steel business for over 50 years and was being run by the major sponsors of the Company. Today, Mughal Steel is one of the leading steel companies in Pakistan in the long rolled steel sector, equipped with depth of technical and managerial expertise, a reputation for reliability and a sharply defined business focus, which has forged the organization into a modern, highly competitive supplier of steel products. The management team is being led by Mr. Khurram Javaid, Director and CEO.

At Mughal Steel we work with passion and expertise to develop high-quality products and intelligent industrial processes that create sustainable infrastructures and promote efficient use of resources. We combine our innovative engineering capabilities with traditional strengths in materials. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. The Company’s ability to generate profits throughout the fluctuations of the steel cycle is testimony to the success of years of intensive business re-engineering and the cultivation of a continuous improvement culture that has embedded the Company’s position amongst the highest quality and lowest cost producers of steel.

Our primary goal is to supply quality, reliable and durable steel products into the local and nearby markets.

Geographical Locations And Addresses Of All Business Units Including Sales Units And Plants

The registered office of the Company is situated at 31-A Shadman I, Lahore, while the manufacturing facilities are located at 17 Km’s Sheikhpura Road, Lahore. Warehouses are located at 17 Km’s Sheikhpura Road and Badami Bagh, Lahore. Sales centers are also located at Badami Bagh, Lahore.

Relationship With Group Companies

The company does not have any group companies apart from those which are related due to common directorship.

Markets, Key Brands And Products

Our business model is to develop sustainable and growth oriented business operations by providing quality, reliable and durable steel products and superior customer satisfaction. We apply our overall strategy to create long-term value by capitalizing upon the competitive advantages of our products, processes, equipment, people and assets.

The Company principally operates in long-rolled steel industry and is involved in multidimensional activities from making billets to steel rebars, girders and t-iron. The main markets of the Company are domestic housing sector market both in urban and rural areas and large infrastructure projects market.

Steel rebars cater to both housing sector market and large infrastructure projects market, while girders and t-iron mainly cater the housing sector market. The housing sector market for steel rebars comprises mainly of housing sector in the urban areas, whereas, the housing sector market for girder and t-iron mainly comprises of housing sector in the rural areas. The large infrastructure projects market on the other hand comprises of demand from different projects initiated by various private sector, public sector and semi-government institutions.

Mughal Supreme steel rebars are used to target the housing sector in the urban areas since steel rebars are used for construction of roofs in urban areas, whereas G60 steel rebars are mainly used to cater large infrastructure projects market. On the other hand since girders and t-iron are products used for construction of roofs in rural areas, therefore they are used to target the rural housing market.

The diversified product and market mix of the Company has been carefully designed to mitigate different risks especially political risk. Currently the primary focus of the Company is on the housing sector in both rural and urban areas, with secondary focus on large infrastructure project market. Mughal steel is perhaps the only company in the long-rolled steel sector with such diversified product and market mix. Being in the industry for over 5 decades has enabled the Company to carefully nurture this portfolio enabling it to effectively compete with existing companies in the industry.

Key Brands

- Mughal Supreme
- Mughal Super Girder
- Mughal Super Tee

Product Portfolio

The company's re-rolled product range comprises of the following products:

Steel re-bars (G60 / Mughal Supreme)

Steel bars are used as a tension device in reinforced concrete structures to strengthen and hold the concrete in tension. Rebar's surface is often patterned to form a better bond with the concrete. The steel bar is used both in building large infrastructural projects and residential ventures.

Girders

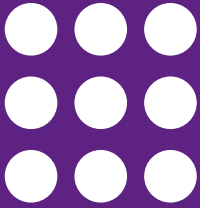
I-beams are usually made of structural steel and are used in construction and civil engineering. I-beams may be used both on their own, or acting compositely with another material, typically concrete. The horizontal elements of the "I" are known as flanges, while the vertical element is termed the "web". The web resists shear forces, while the flanges resist most of the bending moment experienced by the beam. Beam theory shows that the I-shaped section is a very efficient form for carrying both bending and shear loads in the plane of the web.

T-Iron

T-iron used in construction is a load-bearing structure of reinforced concrete, wood or metal, with T-shaped cross section. The top of the T-shaped cross section serves as a flange or compression member resisting compressive stresses. The web (vertical section) of the beam below the compression flange serves to resist shear stress and to provide greater separation for the coupled forces of bending.

Procedures Adopted For Quality Assurance Of Products

We believe in providing the highest quality and best value for money products. The Company has implemented an extensive and effective quality assurance system for its products. The Company is ISO-9001:2015 certified and truly implements Quality Management System. The Company manufactures mild steel products based on state of the art technology. The quality of all products is ensured at all stages of the steel making process through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous testing, to ensure that each item is of the highest quality. Invariable standard compliance could not have been possible without an unmatched source of reliability and particularly quality control trained personnel. Our Laboratory is equipped with traditional chemical and mechanical analytical machines besides the world's renowned Optical Emission Spectrometer of M8 series. During the year as well the Company has installed Spectro lab for its girder mill for conducting chemical testing.



COMPANY INFORMATION

Board of Directors

Mirza Javed Iqbal
Abdul Rehman Qureshi
Shoaib Ahmed Khan*
Jamshed Iqbal
Khurram Javaid
Muhammad Mubeen Tariq Mughal
Fazeel Bin Tariq
Fahad Javaid
Muhammad Mateen Jamshed

Audit Committee

Abdul Rehman Qureshi*
Fazeel Bin Tariq
Muhammad Mateen Jamshed
Fahad Javaid

Human Resource & Remuneration Committee

Abdul Rehman Qureshi
Mirza Javed Iqbal
Fazeel Bin Tariq
Muhammad Mateen Jamshed

Chief Operating Officer

Shakeel Ahmed
Tel: +92-42-35960841 Ext: 154
Shakeel.ahmad@mughalsteel.com

Chief Financial Officer

Muhammad Zafar Iqbal
Tel: +92-42-35960841 Ext: 138
E-mail: zafariqbal@mughalsteel.com

Company Secretary

Muhammad Fahad Hafeez
Tel: +92-42-35960841 Ext: 155
E-mail: fahadhafeez@mughalsteel.com

Auditors

Fazal Mahmood & Company
Chartered Accountants

Legal Advisor

H.M. Law Associates

Tax Advisors

Akhtar Ali Associates
Juris Counsel (Butt & Company)

Credit Rating by Pakistan Credit Rating Agency

Long-term entity rating (A-)
Short-term entity rating (A2)

Share Registrar & Transfer Agent

THK Associates (Private) Limited
1st floor, 40-C, block-6, P.E.C.H.S
Karachi, Pakistan
Tel: +92-21-111-000-322
Fax: +92-21-34168271
Email: sfc@thk.com.pk

Shareholder Complaint Handling Cell

In case of shareholder complaint/queries,
Please Contact:
Tahir Maqsood
Tel : +92+42-35960841 Ext:136
Email: fahadhafeez@mughalsteel.com

Bankers

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Bank of Punjab (Islamic Taqwa Division)
Bank of Khyber
Bank Al-Habib Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
ICBC Bank Limited
JS Bank Limited
MCB Bank Limited

MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Samba Bank Limited
Standard Chartered Bank Limited
United Bank Limited

Geographical Presence

Registered / Corporate Office

31 –A Shadman I
Lahore, Pakistan
Tel: +92+42-35960841-3
Fax: +92+42-35960846
Email: info@mughalsteel.com

Sale Centers And Warehouse

Badami Bagh
Lahore, Pakistan

Factory & Warehouses

17-Km Sheikhpura Road
Lahore, Pakistan
Tel: +92-42-37970226-7
Fax: +92-42-37970326

Company Website

The Company is operating website www.mughalsteel.com containing updated information regarding the Company.

Note: MISIL's Annual & Interim Financial Statements are also available at the above website.

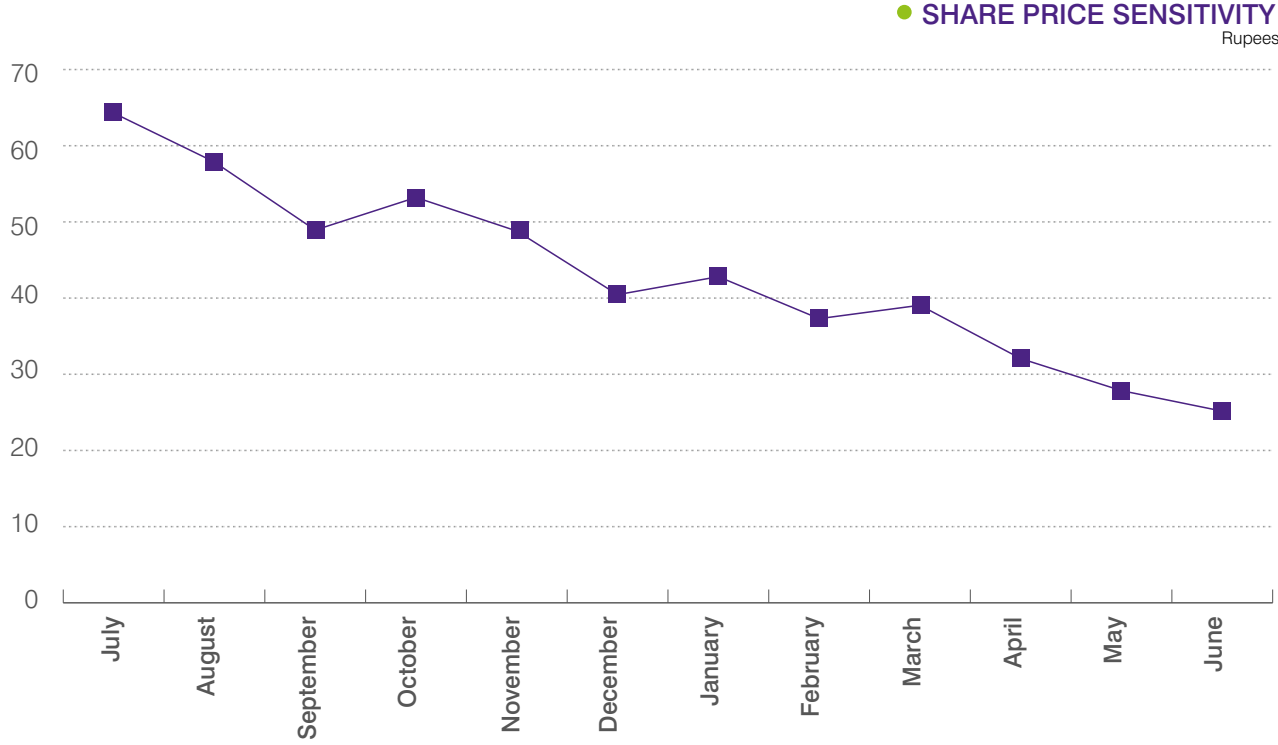
* Appointed with effect from July 16, 2019 to fill in casual vacancy.

MARKET PRICE DATA

The following table shows month end wise share price of the Company that prevailed during the financial years 2018-2019 and 2017-2018 in PSX:

PSX						
Months	High	2018-2019	Low	High	2017-2018	Low
July	66.90	62.25	62.25	75.75	73.30	73.30
August	58.70	57.55	57.55	66.89	65.52	65.52
September	49.25	48.35	48.35	58.00	56.42	56.42
October	54.50	51.00	51.00	59.80	57.10	57.10
November	50.49	48.22	48.22	57.99	55.2	55.2
December	40.99	38.52	38.52	60.50	57.80	57.80
January	43.00	42.16	42.16	77.00	75.41	75.41
February	39.38	37.00	37.00	75.00	73.75	73.75
March	40.00	37.90	37.90	74.00	72.50	72.50
April	33.49	31.70	31.70	68.25	65.80	65.80
May	28.65	27.33	27.33	69.14	66.49	66.49
June	25.74	24.70	24.70	63.00	59.07	59.07

SHARE PRICE SENSITIVITY

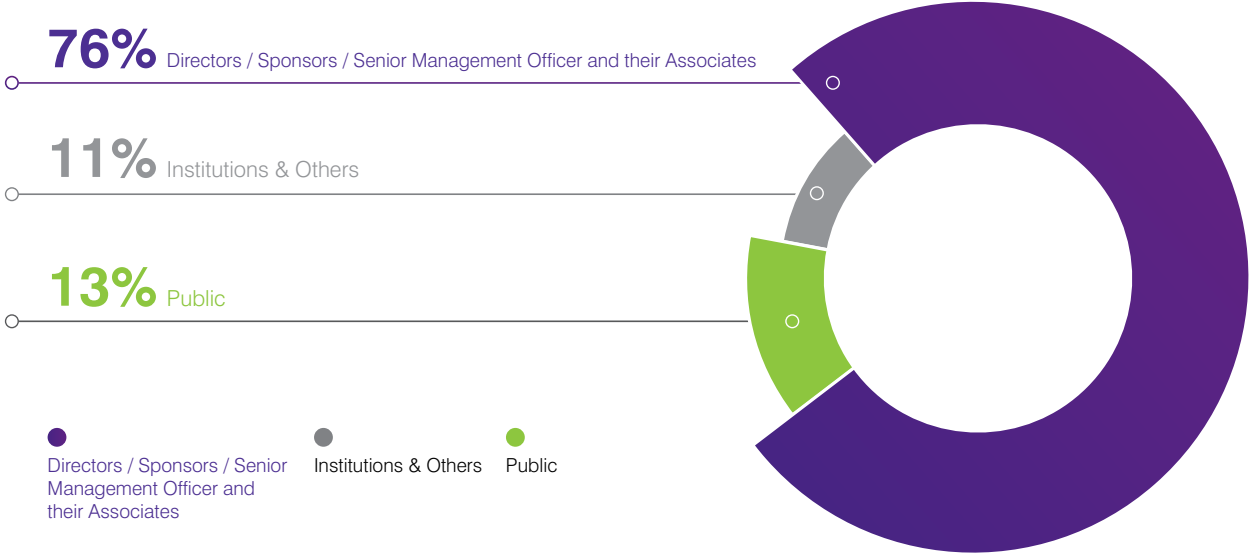


● Share Price is based on closing price of every month end during the year ended June 30, 2019.

Source: Pakistan Stock Exchange Limited

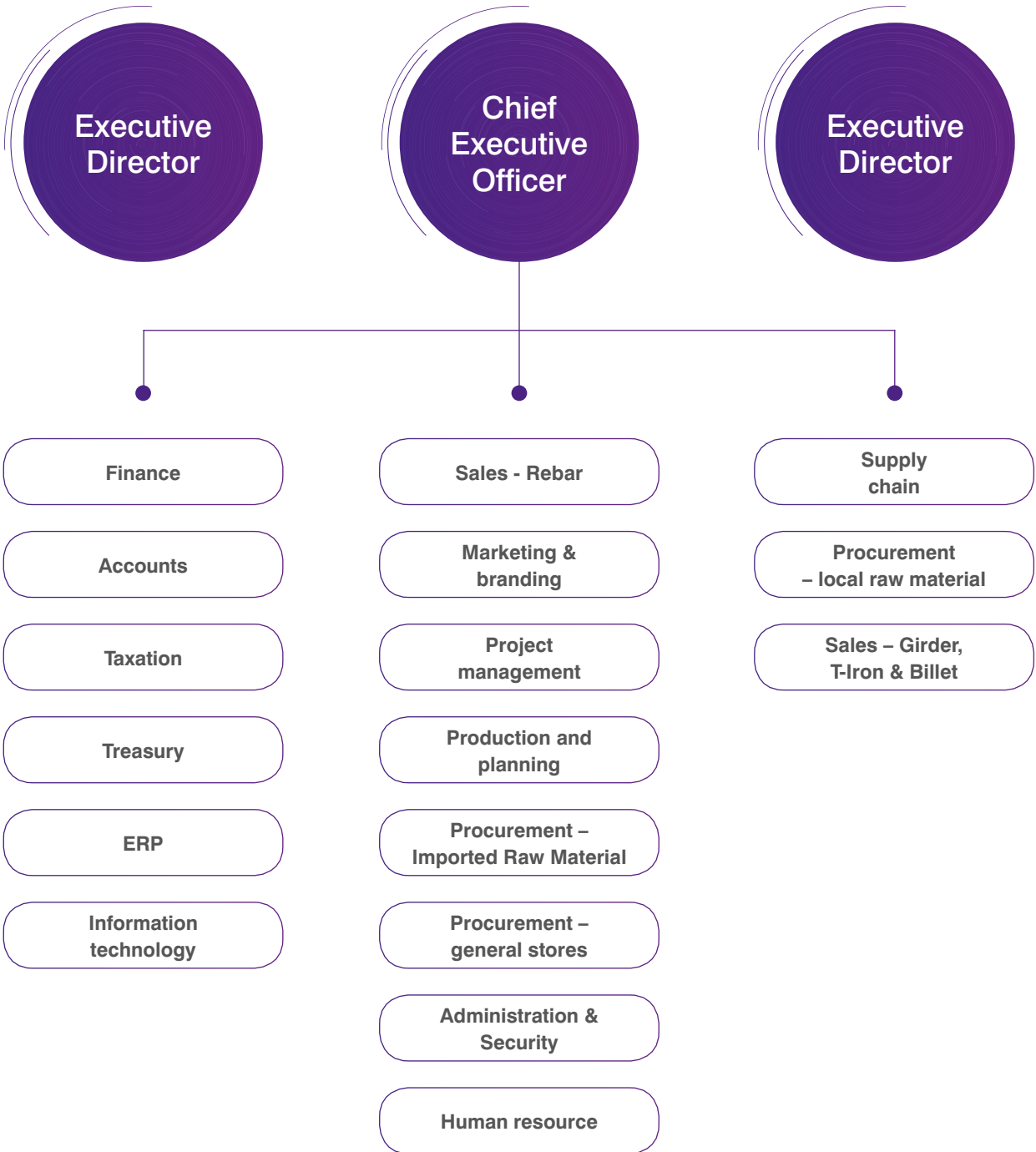
OWNERSHIP STRUCTURE

Our ownership Structure as on June 30, 2019

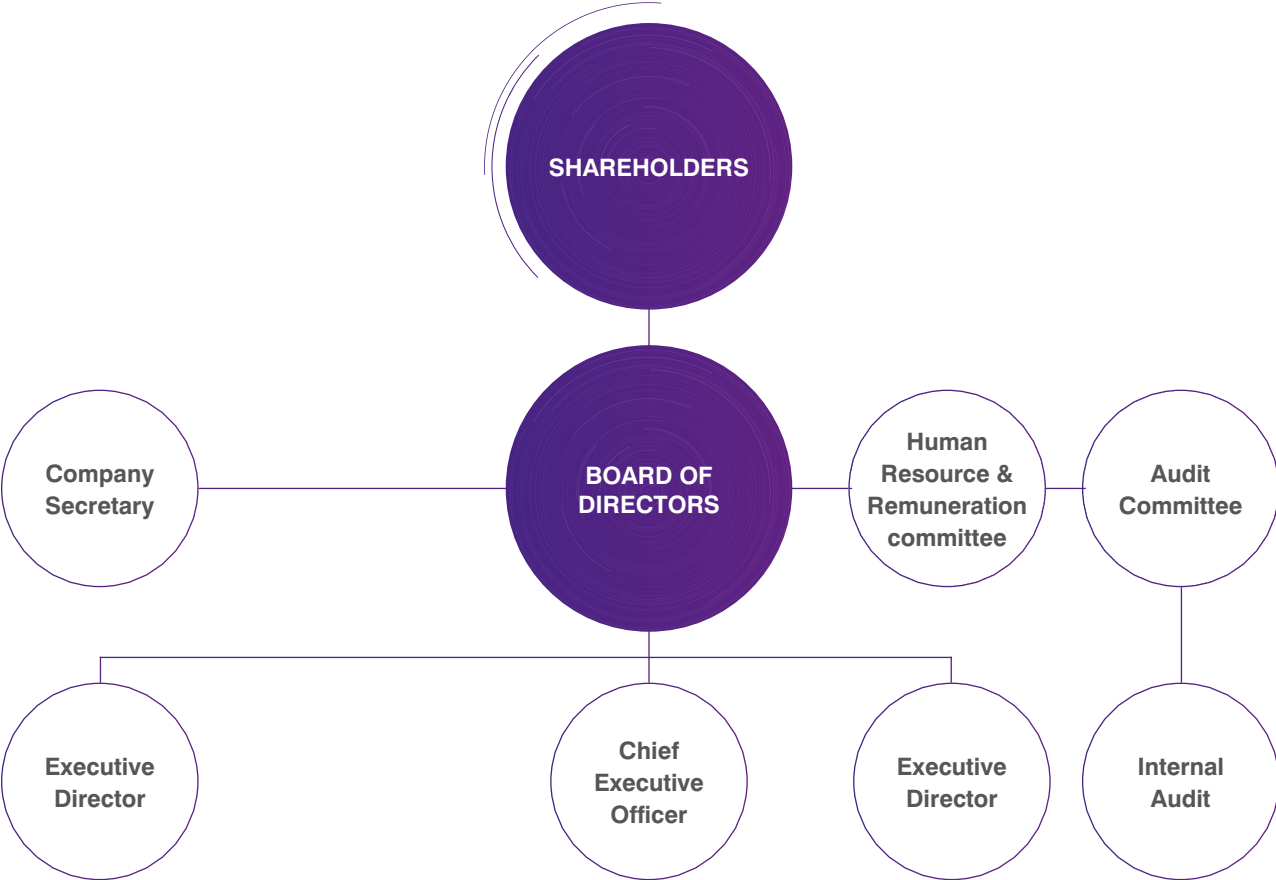


- Directors / Sponsors / Senior Management Officer and their Associates
- Institutions & Others
- Public

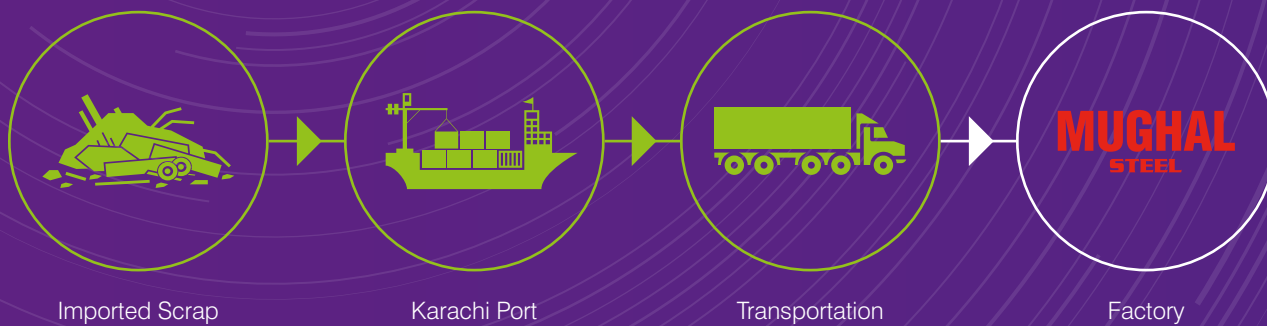
OPERATING STRUCTURE OF THE COMPANY

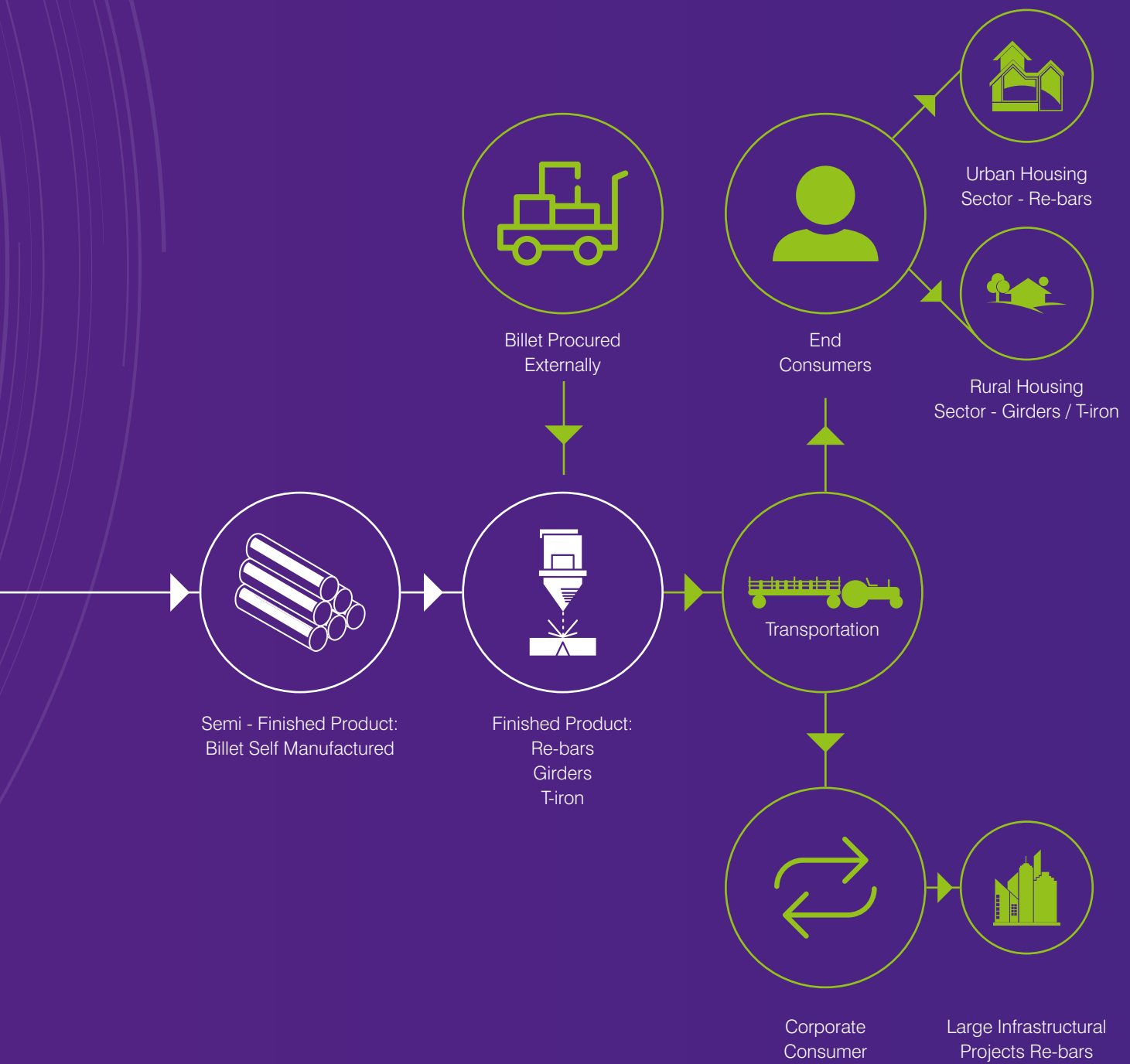


ORGANIZATION CHART



POSITION OF THE ORGANIZATION IN VALUE CHAIN





SIGNIFICANT FACTORS EFFECTING THE EXTERNAL ENVIRONMENT



Political

Description

Political situations impact the business and its profitability.

Significant change since last year

- Change of Government

Organization's Response

Political situation of the country including changes in regulations and business policies are monitored appropriately to take timely decisions to avoid any unfavorable impact on the company's business.



Economic

Description

Economic conditions of a Country generally affect all businesses that exist in that country. High interest costs, high inflation and low economic growth impacts Organization.

Significant change since last year

- Devaluation of Pak Rupee
- Increase in interest rates
- Reduced spending in PSDP by Govt.
- Inflation rate.

Organization's Response

Increase in interest rates curtailed by obtaining off-shore financing facilities at competitive interest rates.

Shifting of strategy from Government initiated projects to housing market.



Social

Description

Social responsibility of a company cannot be ignored. The Company must play its role in betterment of society in which it operates. Health issues, education problems are among the social problems.

Significant change since last year

- No major change

Organization's Response

The Company always strives to be a part of social causes and for the betterment of society. For this purpose, the sponsors of the Company had established a trust named as "Mughal Eye Hospital"

On the business front, the Company has full-fledged HSE department which works for the betterment and welfare of workers at factory. The Company is OHSAS 18001:2007 compliant.



Technological

Description

Technology plays a vital role in success of any company.

Significant change since last year

- Significant investments being made in new technology in the industry.

Organization's Response

- The Company is continuously investing in balancing, modernization and replacement of plant and machinery.



Environment

Description

Almost every manufacturing company has its impact on environment. Climate changes and industrial pollution are major areas of concern.

Significant change since last year

- No change

Organization's Response

The Company is fully compliant with ISO 14001:2015 rules on environmental protection.

The Company has invested in Dust collection system to control emissions from furnaces.



Legal

Description

Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government

Significant change since last year

- There have been many new laws and regulations that were promulgated during the year.

Organization's Response

The Company abides by all the laws enacted by Government.

The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable on the Company.

Seasonality Of Business

The Company's principal business is supply of steel products to both rural and urban markets. Demand from rural markets is based upon various crop seasons while demand from urban markets is non seasonal.



AWARDS AND **ACCOLADES**

The Company bagged 1st position under Engineering & Auto Sector for “Best Corporate Report 2017”, and joint third position for “Best Corporate Report 2016” in the award ceremonies jointly hosted by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The award for Best Corporate Report secured by the Company is a reflection of best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader friendly Annual Reports for its valuable stakeholders.

South Asian Federation Of Accountants (SAFA) Award

In recognition of the Company’s endeavor for transparency in corporate reporting, the annual report of the Company was nominated in SAFA Awards for Corporate Governance Disclosure Award 2017. The event was held in India and the Company was awarded Certificate of Merit for Improvement in Transparency, Accountability & Governance in Corporate Governance Disclosures in Annual Report 2017.



HISTORY OF MAJOR EVENTS 2018-2019

The Company follows the period of July to June as the financial year.

7 th August	1st position in engineering sector for best corporate reporting award.
13 th August	Independence Day Celebrations.
29 th August	Grid load energization from 19.99 MW to 31.99 MW.
19 th September	Approval and issuance of annual audited accounts for the year ended June 30, 2018
25 th October	Approval and issuance of quarterly accounts for the quarter ended September 30, 2018.
27 th October	9th Annual General Meeting.
4 th January	Mehfil-e-Milad.
22 th January	SAFA Awarded Merit Certificate for Best Presented Annual Report Awards.
1 st March	Approval and issuance of quarterly accounts for the quarter and half year period ended December 31, 2018.
19 th March	Sports gala.
25 th March	Credit rating of Company by PACRA .
30 th April	Approval and issuance of quarterly accounts for the quarter and nine months period ended March 31, 2019.
31 st May	Iftar Party.



BOARD PROFILE

The key skills and experience of the Directors, and the extent to which they are represented on the Board of Directors and its committees, are as follows.



Mirza Javed Iqbal

Chairman / Non – Executive Director

Having joined his family business in 1976, Mr. Javed Iqbal rose to become a pioneer of the steel industry of Pakistan. During his exemplary career, Mr. Iqbal challenged and changed the personal and industry mindset, both within and beyond the business framework. He has not only developed new pathways to achieve energy efficiency and economies of scale, but has made remarkable contributions towards the technological advancement and effective documentation of the national steel industry. With his visionary leadership and unparalleled expertise, Mr. Iqbal has been the driving force behind the company's success – making the Company reach new heights of growth and expansion.

Other Engagements:

Indus Steel Mills Corporation (Private) Limited

Director

Kalabagh Steel Mills Corporation Limited

Director

Mughal Steel Re-Rolling Industries (Private) Limited

Director

Mughal International IMPEX (Private) Limited

Director

Mughal Holding (Private) Limited

CEO/Director

Mughal Logistics (Private) Limited

Director

Mughal Energy Limited

Director

Mughal Eye Trust

Trustee



Mr. Abdul Rehman Qureshi

Independent / Non- Executive Director

Mr. Qureshi is a law graduate from the Punjab University, Lahore. He is a veteran in the field of corporate law and related matters. He has over the years, served in various capacities erstwhile in Corporate Law Authority (CLA) and the Securities and Exchange Commission of Pakistan (SECP). He has been member of various committees and commissions constituted to review and revamp company law, securities law, insurance law and banking laws. He has attended several international courses, seminars, training programs and workshops on various subjects related to corporate laws and corporate governance particularly in countries like Australia, Japan, India, USA and U.K.

Other Engagements:

Mahmood Textile Mills Limited

Director

Kohat Textile Mills Limited

Director

Bannu Woollen Mills Limited

Director

Allawasaya Textile & Finishing Mills Limited

Director



Mr. Shoaib Ahmad Khan

Independent / Non- Executive Director

Mr. Shoaib Ahmad Khan holds MSc (DSS) degree from National Defense University, Islamabad and MBA degree from IBA, University of the Punjab, Lahore. He has 35 year experience in Financial Management, Banking, Accounting & Auditing, Administrative & Regulatory aspects. In addition to above, he has vast experience in project appraisal, monitoring & restructuring and development of strategies. During his career, he remained Director and member finance of National Highway Authority (NHA), Islamabad.

Other Engagements:

Currently, Mr. Shoaib Ahmed Khan does not hold Directorship in any other Company.



Mr. Jamshed Iqbal

Executive Director

Mr. Jamshed has over the years played a pivotal role in developing the clientele network across Pakistan to ensure that all kinds of geographical requirements are met by the Company, a feat that has resulted in expanded growth of the Company. Today his vast experience and in-depth knowledge of the steel sector is highly beneficial at the Board and operational level.

Other Engagements:

Mughal Energy Limited

Director

Mughal Holding (Private) Limited

Director

Al-Bashir (Private) Limited

CEO / Director

Mughal Steel Re-Rolling Industries (Private) Limited

Director

Mughal International IMPEX (Private) Limited

Director

Indus Steel Mills Corporation (Private) Limited

Director

Mughal Logistics (Private) Limited

Director

Kalabagh Steel Mills Corporation Limited

CEO / Director

Mughal Eye Trust

Trustee



Mr. Khurram Javaid

Chief Executive Officer / Director

Mr. Khurram Javaid holds an MBA from the Coventry University, UK. He has made substantial contributions towards the development of the Company's production capabilities and sales network within the country, ensuring that each is at par with the international standards of the steel industry. Also, since Mr. Javaid is a strong advocate of human resource development, he is the man behind incorporating effective HR planning, policymaking and training which is the corner stone behind the Company's success today.

Other Engagements:

Mughal Energy Limited

CEO / Director

Mughal Steel Re-Rolling Industries (Private) Limited

Director

Mughal International IMPEX (Private) Limited

CEO

Indus Engineering (Private) Limited

Director

Mughal Holding (Private) Limited

Director

Mughal Modaraba Management Limited

Director

Al-Bashir (Private) Limited

Director

Mughal Logistics (Private) Limited

CEO

Mughal Steel Metallurgies Corporation Limited

Director

Mughal Eye Trust

Trustee



Muhammad Mubeen Tariq Mughal

Executive Director

Mr. Mubeen has academic background in economics & finance and has done his Executive MBA (Leadership & Strategy) from London Business School (LBS). He is responsible for entire Financial Management of the Company including treasury, investments, accounting, internal control systems, budgetary controls and corporate governance. His astute financial acumen combined with in-depth knowledge of steel manufacturing operations and production techniques has over the years resulted in improved operational efficiencies, optimum utilization of funds, better working capital management and strengthening of internal and financial controls. He has been responsible for initiating professionalization of the organization by developing and reorganizing the human resource function, making it more effective as a strategic business function.

Other Engagements:

Indus Engineering (Private) Limited

Director

Mughal Energy Limited

Director

Al-Bashir (Private) Limited

Director

Mughal Steel Re-Rolling Industries (Private) Limited

Director

Mughal International IMPEX (Private) Limited

Director

Mughal Holding (Private) Limited

Director

Mughal Modaraba Management Limited

CEO / Director

Mughal Logistics (Private) Limited

Director

Kalabagh Steel Mills Corporation Limited

Director

Mughal Eye Trust

Trustee



Mr. Fazeel Bin Tariq

Non - Executive Director

Mr. Fazeel holds a Bachelor's Degree in Business Administration from the Lahore School of Economics, Pakistan and a Postgraduate degree in Professional Accounting from the Swinburne University of Technology, Australia. He has also done Masters in Leadership from Northeastern University, Boston, USA. He joined the Company in 2011 and since then worked in various roles, obtaining extensive knowledge and experience of production processes before being inducted as a member of the Board of Directors.

Other Engagements:

Mughal Modaraba Management Limited

Director

Indus Engineering (Private) Limited

Director

Mughal Steel Re-Rolling Industries (Private) Limited

CEO

Mughal Eye Trust

Trustee



Mr. Fahad Javaid

Non - Executive Director

Mr. Fahad Javed holds a Bachelor's Degree in International Business from Australian National University, Australia.

Other Engagements:

Indus Engineering (Private) Limited

CEO/Director

Indus Steel Mills Corporation (Private) Limited

CEO



Muhammad Mateen Jamshed

Non - Executive Director

Mr. Mateen holds a Bachelor's Degree in Business Administration from the Lahore School of Economics, Pakistan.

Other Engagements:

Indus Engineering (Private) Limited

Director

Mughal Steel Metallurgies Corporation Limited

Director

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DIRECTORS' REPORT

- Chairman's Letter To The Shareholders
- Chief Executive Officer's Remarks
- Directors' Report To The Shareholders
- حصہ داران کے لئے ڈائریکٹرز کی رپورٹ
- چیف ایگزیکٹو آفیسر کا تبصرہ
- حصہ داران کے لئے چیئرمین کا خط

CHAIRMAN'S LETTER TO **THE SHAREHOLDERS**

“As I look back on the last year — a period of profound economic change — it is remarkable how much successfully we have managed and how much we have accomplished.”



Review Of Business Performance

It is a privilege to write to you as the Chairman of the Board of Mughal Iron & Steel Industries Limited.

Financial year 2018-2019 was another good year for your Company: wherein your Company executed well on its strategic road map and delivered yet another strong financial performance, setting new highs despite numerous challenges. Your trust and support, alongside the dedication and hard work of our employees, are the bedrock of our success, and for that, I on behalf of the Board extend my gratitude.

I'm pleased to share with you that despite of the prevailing adverse economic conditions, your Company posted overall sales revenue of Rs. 30,828.089 million in FY 2019 as compared to Rs. 22,225.842 million in the last year resulting in increase in earnings per share from Rs. 5.13 in FY 2018 to Rs. 5.46 in FY 2019, which is an achievement much appraisable.

On a strategic front, during 2018-2019, the Board reaffirmed the diversification of product and market strategy and took further steps to sharpen our strategic focus on housing sector and housing sector steel products. Consistent with this, we continued to invest in further establishing our brand Mughal Supreme. Due to changing industry dynamics, the Board determined that future growth opportunities in large infrastructural projects related market currently lie increasingly outside the Company's strategic scope and therefore limited its exposure and instead decided to explore strategic options for housing market through Mughal Supreme and Mughal Girders in the best long-term interest of this business and Company's shareholders.

Looking ahead in 2019-2020, we expect business conditions to remain difficult; however, we will continue to find efficiencies and enhance management's agility throughout the entire business process, building on our leadership in these already strong areas. We plan to maintain our position at the forefront and will set cornerstones for sustained growth. For our shareholders, we remain dedicated to executing our shareholder policy faithfully and exploring ways to boost shareholder value.

At the heart of our growth strategy, has always been the desire of the Board to maximize shareholder value and return, that is why we have consistently been making pay outs in past. Keeping in view the same, on behalf of the Board of Directors, I'm pleased to announce final cash dividend @ Rs. 1.20/- per share i.e. 12% for the year ended June 30, 2019 to you, our owners.

Review Of Board Performance

As the Chairman of the Board, I hereby present the review on the overall performance of the Board and Board's role in achieving the Company's objectives as required u/s 192 of Companies Act, 2017.

The objective of the Board is to ensure that the organization is being managed effectively, in a way that helps it to achieve its objectives whilst also safeguarding the integrity of the organization and the interests of its stakeholders. Overall, the Board is working well given its organizational model and board structure, with Board members having the appropriate range of skills, knowledge and

experience, as well as the degree of diversity, necessary to enable it to effectively govern the business. The Board committees as well continued to work efficiently as designated by the Board. Individual Board members appear to be hard-working and demonstrate a strong commitment towards overall performance of the Company. Behavior in the boardroom is mostly seen to be constructive. Board appears very focused on and committed to Company's values and mission. Appropriate proportion of time is given to both strategic and operational level discussions and issues. Majority of the Directors have certifications under the Directors' Training Program conducted by ICAP.

Attendance of Board members at Board meetings was 97% and committee meetings was 100%, against a target of 95%. There was no code of conduct violation. Performance objectives were reviewed against actual results and were found satisfactory. During the year, Mr. Salman Ali Shah resigned from his position as Board member due to personal reasons. In his place Mr. Shoaib Ahmad Khan was appointed as Director for the remaining term.

The role of the Board has been pivotal in achieving the Company's objectives. The Board has developed short, medium and long-term plans to achieve its strategic objectives. The Board regularly reviews the principal risks and mitigating factors against them. The Board's role in dealing with energy crisis and maintaining sustained production levels has been very effective. The relationship between the Board and its committees is very constructive and productive. The contribution and efforts of all Board members has been very vital. Independent and Non-Executive Directors provide depth of expertise and support for effective decision making.

On an overall basis, I believe that the strategic direction of the organization for the long-term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the organization.

I'll continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensuring that the Board hears from an appropriate range of senior management. I'll remain firmly committed to ensuring that your Company complies with all the relevant codes and regulations and ensuring that our management team continues to make decisions that will create value for you in the short, medium and long term.

Lastly, I would like to recognize the efforts of our executive management team for their prudent and insightful leadership during the past year together with their ability to be flexible and react quickly when it became necessary to protect the business against various adversities. I would also like to express my gratitude for the efforts of all our workers for their dedication and stakeholders for their trust in us.



Mirza Javed Iqbal

Chairman of the Board

Lahore: September 20, 2019

CHIEF EXECUTIVE OFFICER'S REMARKS

“Our strong and durable performance reflects the successful execution of our growth strategy.”



As I reflect on our progress this past year, I first want to say thank you for your commitment and investment in Mughal Steel. I'm proud of what we've accomplished together, and I am even more optimistic about the opportunity ahead. I am pleased with the progress we made in 2019 to strengthen the overall foundation of our Company and drive a long term, sustainable increase in shareholder value. We have continued to deliver performance in terms of operational execution, employee safety, product quality, and environmental compliance and most of all sustainable growth.

The Company's strategic efforts to strengthen its competitive advantage by developing a diversified market and product portfolio encompassing of urban and rural markets and rebars, girders and t-iron, have paid off, allowing it to deliver year on year improved performance amidst adverse economic conditions, whereby, your Company registered an increase in sales revenue from Rs. 22,225.842 million in FY 2018 to Rs. 30,828.089 million in FY 2019. Consequently the profit after taxation increased from Rs. 1,290.215 million in FY 2018 to Rs. 1,372.931 million in FY 2019 resulting in earnings per share of Rs. 5.46, compared to earnings per share of Rs. 5.13 in the last year.

The Company has not defaulted in any repayment of debts. During the year, the Company has contributed approximately Rs. 2,936.678 million towards national exchequer in shape of taxes, duties, cess, levies etc.

Going forward, steel is a strategic material for growth and development of nations and has a multiplier impact on the economy and society. Pakistan has the unique advantage of a young and aspirational population and an emerging economy, which would drive sustained demand for industries such as steel. While the short-term macroeconomic situation may continue to throw some challenges, the future holds many opportunities for your Company. Your Company is well positioned to capitalize on the opportunities and deliver strong growth.

Lastly, I'd like to thank our employees and our members for their support. In 2020, we will further work to enhance our profitability and align all of our resources with the needs of our business. I am confident that the entire Mughal Steel team will collectively work to make us a stronger Company.



Khurram Javaid

Chief Executive Officer

Lahore: September 20, 2019

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present their report together with the Annual report of the Company along with Audited Financial Statements for the year ended June 30, 2019.

The financial highlights of the Company for the year ended June 30, 2019 are as follows:

	Year ended June 30,		Variance %
	2019	2018	
Sales	30,828.089	22,225.842	38.70%
Gross profit	3,188.993	2,794.412	14.12%
Operating costs	(1,451.570)	(1,190.684)	21.91%
Profit before taxation	1,737.423	1,603.728	8.34%
Taxation	(364.492)	(313.513)	16.26%
Profit for the year	1,372.931	1,290.215	6.41%
Earnings per share – Basic and Diluted (Rs.)	5.46	5.13	6.41%

Business, Financial & Operational Review

During the year, the economic progress in the Country remained adverse due to increase in exchange rates, interest rates and inflation levels. Public Sector Development Program (PSDP) expenditure was also curtailed significantly and registered a negative growth of 34% YoY, resulting in adverse effects on the overall local steel industry. However, the drop in demand due to PSDP was to great extent managed by demand from the housing sector. Going forward, as well, in the backdrop of increased population and emergence of nuclear families, the demand for housing is expected to be on the rise which will trigger demand for Company's products, which are the predominantly used material in housing sector across Pakistan.

Financial Performance Review

The Company registered net sales of Rs. 30,828.089 million against Rs. 22,225.842 million in the corresponding period, with an increase of 38.70%. The increase in sales revenue was due to increase in sales volume as well as sale prices.

This achievement of topline results are credited to Company's well established and recognized brand image and diversified product mix which has been strategically developed over time comprising of G-60 rebars, Mughal Supreme rebars, girders, t-iron and billets which are capable of catering different markets enabling the Company to have a very rich and diversified market folio making it to a large extent invulnerable to adverse economic changes and markets / political risks.

Gross margin increased to Rs. 3,188.993 million in the current period, compared to Rs. 2,794.412 million in the corresponding period resulting in increase of 14.12%. As a percentage gross margin declined from 12.57% to 10.34%. Declined in gross margin is mainly due to increased input costs. Input costs witnessed increase due to increase in average raw material consumption rates and increase in other costs of production due to inflationary impact of massive devaluation of Pak Rupee, resulting in decline in gross margins. However, despite of the above adversities, overall decline in gross margins was to great extent curtailed as a result of the Company's long term strategy to continuously invest in efficient technology and add value by strengthening its supply chain through backward vertical integration and effective inventory management by procurement of scrap inventory in bulk quantities and at economical rates taking timely benefits of fall in international scrap prices.

Sales & marketing expenses decreased from Rs. 246.333 million to Rs. 201.592 million resulting in decrease of 18.16% and mainly comprised of freight outward and marketing expenses.

Administrative expenses increased from Rs. 312.901 million to Rs. 366.852 million resulting in increase of 17.24%. The increase was mainly due to increase in number of employees and increase in salaries.

Other charges increased from Rs. 113.690 million to Rs. 123.487 million resulting in increase of 8.62% and mainly included provisions for workers' profit participation fund and workers' welfare fund which increased in line with increase in profits.

Finance costs increased from Rs. 552.460 million to Rs. 786.328 million, resulting in increase of 42.33%. The reason for increase was mainly due to significant increase in KIBOR rate as compared to corresponding period and increase in average outstanding borrowings.

Taxation increased from Rs. 313.513 million to Rs. 364.492 million resulting in increase of 16.26%. Increase is mainly due to increase profit for the year and increase in deferred tax liability due to capitalization of plant & machinery.

Resultantly, profit for the year rose to Rs. 1,372.931 million during the year, compared to Rs. 1,290.215 million in the last year resulting in increase of 6.41%. As a percentage profit for the year decreased from 5.81% to 4.45%.

Earnings per share for the current year stood at Rs. 5.46 per share as compared to Rs. 5.13 per share in the last year.

Property, plant & equipment comprised of tangible fixed assets and capital work-in-progress. Major additions in tangible fixed assets comprised of dust collection system, lathe shearing machine, induction furnace and re-heating furnace for girder mill. Capital work-in-progress mainly represented capital expenditure incurred on expansion projects comprising of BMR of bar re-rolling mill.

Inventories decreased from Rs. 5,916.918 million to Rs. 5,620.331 million and comprised of stores, spares & loose tools, raw material and finished goods. Stores, spares & loose tools inventory increased from Rs. 597.198 million to Rs. 969.360 million. The increase was mainly due to effect of inflation on purchase rates of store items. Raw material inventory decreased from Rs. 5,080.582 million to Rs. 3,033.018 million, whereas finished goods inventory increased from Rs. 239.138 million to Rs. 1,617.952 million. Majority of the raw material inventory was converted into finished goods inventory resulting in the above variation.

Trade debts increased from Rs. 1,263.280 million to Rs. 3,304.003 million and mainly represented not yet due balances. All balances were considered good.

Due from the Government have decreased from Rs. 2,298.102 million to Rs. 1,460.233 million and comprised

of advance income tax, sales tax and export regulatory duty. Advance income tax decreased due to adjustment of provision for taxation and refund of advance tax, whereas, sales tax decreased due to adjustment of sales tax against final liability. The matter of export regulatory duty and alleged sales tax recovered by Punjab Revenue Authority has been disclosed in detail in the financial statements.

Cash and bank balances increased from Rs. 1,251.171 million to Rs. 3,201.750 million. These mainly included term deposit receipts which had been temporary invested with various banks to retire upcoming financial liabilities.

Equity contribution from Directors and their relatives decreased from Rs. 924.037 million to Rs. 165.832 million. The decrease was mainly due to transfer of Rs. 758.205 million from Equity contribution from Directors and their relatives to Short-term loans from Directors and their relatives.

Long-term financing increased from Rs. 829.000 million to Rs. 3,339.954 million and represented long-term financing obtained for Capex projects. Out of total long term financing, amount of Rs. 531.372 million has been presented under current portion of long-term financing.

Accrued profit/interest/mark-up increased from Rs. 101.323 million to Rs. 321.147 million. Increase in markup was mainly due to increase in average outstanding borrowings and KIBOR rate.

Short-term loans from banking companies increased from Rs. 7,540.376 million to Rs. 9,171.452 million. The increase was mainly due to increase in working capital requirements.

Company's net worth as at June 30, 2019 stood at Rs. 7,503.934 million as compared to Rs. 7,466.333 million as at June 30, 2018 with a breakup value of Rs. 29.82 per share as at June 30, 2019 as compared to Rs. 29.68 as at June 30, 2018.

All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements.

Resultantly, the Company's asset base recorded an increase of Rs. 5,166.253 million as compared to last year.

Operational Performance Review

The furnaces generated an overall production of 175,187 MT, recording a decrease of 17.34% from previous year. The overall production of rolling mills was recorded at 343,407 MT showing an increase of 36.49% over the previous year.

Non-Financial Performance Review

Non-financial key performance indicators are other measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives. Non-financial metrics are quantitative measures that relates to employees, customers relationship, brand, quality, responsibility towards society etc., Key Performance Indicators played an important role in the measurement of progress of the Organization towards attainment of its goals. In 2019, we experienced another year of outstanding safety performance. Our quality focus also continued, establishing Company best records for internal quality performances. Consequently, despite of the prevailing adverse economic conditions and challenges, the Company remained successful in registering sustainable growth in terms of both topline and bottom line.

Dividends And Appropriations

The Board of Directors has recommended a final cash dividend @ Rs. 1.20/- per share i.e. 12% for the year ended June 30, 2019 to you, our owners.

The proposed final cash dividend is subject to the approval of the members at the forthcoming Annual General Meeting to be held on October 31, 2019. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

	(Rs. In millions)
Profit available for appropriations	3,402.691
Appropriations	
Final cash dividend for the year ended June 30, 2019 @ Rs. 1.20 per share i.e. 12%	(301.919)
Un-appropriated profit carry forward	3,100.000

Subsequent Events / Material Changes

Finance Act, 2019 became effective from July 01, 2019, whereby, the sale tax procedure for steel industry was significantly changed. Further, Mr. Shoaib Ahmad Khan was appointed as Independent Director in place of Mr. Syed Salman Ali Shah to fill in casual vacancy with effect from July 16, 2019.

Except for dividend and as disclosed above, there were no other material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the report.

Principal Activities Of The Company

The principal activities of the Company are manufacturing and sale of mild steel products.

Adequacy Of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Composition Of The Board

The Board comprises of nine elected members. The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. The composition as at the close of the financial year was as follows:

(a) Male 8*
(b) Female Exempt for current term

Composition:
Independent Directors 1*
Other Non-Executive Directors 4
Executive Directors 3

* During the financial year, one of the Directors (as disclosed in relevant note) resigned; the Casual vacancy was filled up by the Board of Directors after the end of the financial year within the time frame allowed u/s 155 of Companies Act, 2017.

**As per the Listed Companies (Code of Corporate Governance) Regulations, 2017, at least two or one third of the Board members, whichever is higher, are required to be Independent Directors, however, the requirement is exempt for the current term.

Names Of Persons Who At Any Time During The Financial Year Were Directors Of The Company

Following are the names of the persons who, at any time during the financial year, were Directors of the Company:

S. No.	Name of Directors	Designation	Attendance in board meetings
1.	Mirza Javed Iqbal	Chairman / Non-Executive Director	4
2.	Khurram Javaid	CEO / Executive Director	4
3.	Syed Salman Ali Shah	Independent Director	3
4.	Abdul Rehman Qureshi	Independent Director	4
5.	Jamshed Iqbal	Executive Director	4
6.	Muhammad Mubeen Tariq Mughal	Executive Director	4
7.	Fazeel Bin Tariq	Non-Executive Director	4
8.	Muhammad Mateen Jamshed	Non-Executive Director	4
9.	Fahad Javaid	Non-Executive Director	4

During the financial year four meetings of the Board of Directors were conducted. No meetings were held outside Pakistan during the year. Leave of absence was granted to the Director, who could not attend some of the board meetings.

Changes To The Board

During the financial year, one casual vacancy occurred on the Board due to resignation of Mr. Syed Salman Ali Shah as Director of the Company due to personal reasons with effect from May 21, 2019. In order to fill casual vacancy, Board of Directors appointed Mr. Shoaib Ahmad Khan as Independent, Non-Executive Director in his place with effect from July 16, 2019 for the remaining term.

Names Of Members Of The Board Committees

Audit Committee

During the financial year four meetings of the committee were conducted, details of which are as follows:

S. No.	Name of Members	Designation	Attendance in board meetings
1.	Syed Salman Ali Shah	Chairman / Independent Director	4
2.	Mr. Fahad Javaid	Member / Non-Executive Director	4
3.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	4
4.	Muhammad Mateen Jamshed	Member / Non-Executive Director	4

However, subsequent to the resignation of Mr. Syed Salman Ali Shah (Chairman of Audit Committee) as Director of the Company, the Board of Directors appointed Mr. Abdul Rehman Qureshi as Chairman of Audit Committee with effect from July 16, 2019.

Human Resource And Remuneration (HR&R) Committee

During the year one meeting of the committee was conducted, detail of which is as follows:

S. No.	Name of Members	Designation	Attendance in board meetings
1.	Mr. Abdul Rehman Qureshi	Chairman / Independent Director	1
2.	Mirza Javed Iqbal	Member / Non-Executive Director	1
3.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	1
4.	Muhammad Mateen Jamshed	Member / Non-Executive Director	1

Directors' Remuneration

The remuneration of Board Members is approved by the Board itself. However, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. However, no such remuneration is set at a level that could be perceived to compromise their independence. Independent Directors are only paid meeting fee for attending board and committee meetings. Other Non-Executive Directors are not paid any meeting fee. For information on remuneration of Directors and CEO, please refer relevant notes to the financial statements.

Pattern Of Shareholding

Detailed pattern of shareholding of the Company is annexed.

Segmental Review Of Business Performance

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Information reported to chief operating decision maker for the purpose of resource allocation and assessment of segment

performance focuses on type of products being delivered. The operations principally comprise of three classes of products namely "steel re-bars", "girders" and "Billets". For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment.

Changes In Nature Of Business

There has been no change in nature of the business of the Company during the year.

Auditors

The present auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants have completed their audit for the year ended June 30, 2019 and have issued an unmodified audit report. The auditors will retire at the conclusion of the upcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as auditors for the year ended June 30, 2020. The Board has recommended the appointment of M/s. Fazal Mahmood & Co., Chartered Accountants as auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Related Party Transactions

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 and applicable laws & regulations, details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval. The related party transactions, (if any) which are not executed at arm's length price are also placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on recommendation of the Audit Committee. However, there were no such transactions. In addition to the above, as required under Companies Act, 2017, details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements.

Policy For Related Party Transactions

The Board of Directors has approved a policy for related party transactions, which require that the Company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' requires conducting business on the same terms and conditions as the business between two unrelated / unconnected persons. The policy specifies that all transactions entered into with related parties shall require Board's approval, however, where majority of the Directors are interested, such transactions shall be approved by the members at the general meeting.

Financial & Corporate Reporting Framework

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied (except as disclosed in annexed financial statements) in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements and, any departures therefrom (if any) have been adequately disclosed and explained.
- e) The system of internal control including financial controls is sound in design and has been effectively implemented and monitored.

- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme.
- h) The Company has not defaulted in repayment of any debt nor is it likely to default in future.

We have included the following information separately, either in this report or in the financial statement as appropriate;

- i) Detail of material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of this report.
- j) Significant deviations from last year in operating results of the Company and reasons for such deviations.
- k) Key operational and financial data for the last six years.
- l) Information regarding statutory payments (if any) on account of taxes, duties, levies and charges outstanding as at June 30, 2019.
- m) Details of significant plans, decisions along with future prospects, risks and uncertainties surrounding the Company.
- n) Number of Board and committee meetings held during the year and attendance by each Director.
- o) The details of training program attended by Directors.
- p) Trading in shares of Company by Directors, executives and their spouses and minor children.

Key Quantitative Information

-Total Number of Employees as of June 30, 2019	1,127
-Average Number of Employees during the year	950

Forward Looking Statement / Future Prospects

This statement presents main trends and factors likely to effect the future development, performance and position of the Company's business.

Analysis Of Prior Period's Forward Looking Disclosures

Company sales and production levels remained broadly in line with the targets. The fluctuations in foreign exchange rates and raw material prices resulted in increase in costs, which were mostly passed on or curtailed, whereas other operating costs remained mostly at projected levels.

Future Prospects / Forward Looking Statement

The growth and profitability of the Company is dependent upon a number of external factors such as economic development, political stability, consistent economic policies and law and order situation of the country. Going forward, the Company remains committed in increasing its housing market share, improve efficiencies through technological advancement and strengthen supply chain. The key aspiration for the management in the years to come will not only to maintain the current performance standards but to add more feathers to the consistent track record of the Company. The Company will further work towards capitalizing its strategic edge over the existing steel suppliers since it can offer corporate and housing

steel products to meet the anticipated growth in the steel industry's local demand. Mughal Steel is well positioned to meet the requirements for anticipated increase in demand of steel for housing project. The Company's policy to stand firm on its challenging quality standards has made it a supplier of choice for its products. The Company is confident that these measures will drive the sales of the Company in the future. The Company is also making concerted efforts for availability of power at competitive rates. Interest rates are expected to increase in next financial year due to current economic conditions. Political stability will be of grave importance and is stimulus of economic activities. The Company will continue to follow all regulations as they are imposed in Pakistan.

Status Of Projects In Progress As Were Disclosed In Previous Year Forward Looking Statement

Last year, the Company had planned to increase its melting and re-rolling capacities by June 2019, however, plan to procure three of out of five furnaces was postponed during the year while commercial operations of the bar re-rolling mill were also extended to December 2019.

Risk And Opportunity Report

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

We recognize that effective risk management is critical to our continued profitability and the long-term sustainability of our business. Like all businesses, we are equally affected by, and must manage, risks and uncertainties that can impact our ability to deliver our strategy. While the risks can be numerous, the principal risks faced by the Company in financial year 2019 and valid as of June 30, 2019 and as identified by the Board, are described below along with the corresponding mitigating actions and changes in the risk level during the year.

Description Of Principal/Key Risks Effecting Availability, Quality And Affordability Of 'CAPITALS'

The Company is exposed to the risks identified in the following sections against which the Company has implemented effective mitigating strategies as discussed below.

Strategic Risks

Strategic risks are associated with operating in a particular industry.

Commercial Risks

These risks emanate from the commercial substance of an organization.

Operational Risks

These are risks associated with operational and administrative procedures.

Financial Risks

Financial risks are divided in the following categories:

- **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of the financial instruments.

- **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Impact, Plans And Strategies For Mitigating Principal/Key Risks

Strategic Risk

Principal Risk:

Obsolete / Outdated Technology

Area of Impact:

Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

The technology employed is or may become obsolete in the near future.

Mitigating Strategies

At Mughal steel we believe in and currently are in process of balancing, modernization and replacements of our production facilities, ensuring our production facilities are state of the art to ensure cost minimization, energy efficiency and output optimization.

Commercial Risk

Principal Risk:

Decrease in the demand for Company's products

Area of Impact:

Financial Capital, Social and relationship Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Decrease in the demand for Company's products may have an adverse impact on its profitability.

Mitigating Strategies

The company has carefully developed its product portfolio which is highly diversified and risk averse.

Principal Risk:

Competition

Area of Impact:

Financial Capital, Social and relationship Capital

Risk Pre Mitigation

Moderate

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Competition from business competitors may create a hostile environment for the Company and result in business loss.

Mitigating Strategies

Being in the industry for over 5 decades has enabled Mughal Steel to effectively compete with existing companies in the industry. The following strengths of the Company place it at a competitive advantage over its competitors:

1. Diversified product and market mix
2. Strong and well established distribution network
3. Strong supply chain
4. Backward integration
5. Brand recognition
6. Economies of scale
7. Technological efficiencies
8. In-house power and gas generation

Operational Risk

Principal Risk:

Employee turnover

Area of Impact:

Human Capital

Risk Pre Mitigation

Moderate

Risk Post Mitigation

Low

Source

Internal

Key Source of Uncertainty

Increase in employee turnover at critical positions.

Mitigating Strategies

The Company has a detailed succession plan and a culture of employee training and development, continuously promoting and rotating employees within the departments.

Principal Risk:

Energy crisis

Area of Impact:

Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.

Mitigating Strategies

The Company has installed a gas-fired captive power plant. The Company has a dedicated 132 KVA grid station, whose load capacity has been enhanced from 19.99 MW to 79.99 MW.

Principal Risk:

Raw material sourcing

Area of Impact:

Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Adverse price movement or no availability of raw materials may deter smooth production.

Mitigating Strategies

With an experience of over 5 decades, the Company has developed a procurement team who is well versed in acquiring the necessary raw material for production. Further, the Company has built strong relationship with its suppliers.

Principal Risk:**Area of Impact:****Risk Pre Mitigation**

High

Source

External

Mitigating Strategies

Implementation of strict and standardized operating procedures, employee trainings and operational discipline.

Natural Catastrophe

Manufactured Capital

Risk Post Mitigation

Low

Key Source of Uncertainty

Risk of major accidents impacting employees, records and production facilities.

Financial Risk**Principal Risk:****Area of Impact:****Risk Pre Mitigation**

High

Source

Internal

Mitigating Strategies

Most of our sales are either against cash or advance. For credit sales, credit limits have been assigned to customers. Risk of default by banks has been mitigated by placements of funds with banks having satisfactory credit ratings.

Credit risk

Financial Capital

Risk Post Mitigation

Low

Key Source of Uncertainty

Customers and banks may default in payments to the company.

Principal Risk:**Area of Impact:****Risk Pre Mitigation**

High

Source

External

Mitigating Strategies

The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.

Working Capital Requirement

Financial Capital

Risk Post Mitigation

Low

Key Source of Uncertainty

Insufficient cash available to pay liabilities resulting in a liquidity problem.

Board's Efforts For Determining The Company's Level Of Risk Tolerance By Establishing Risk Management Policies

The Board of Directors of the Company establishes corporate strategies and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

Statement Of The Board On Assessment Of Principal Risks

The Board of Directors has carried out a robust assessment of the principal/key risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity.

Potential Opportunities

We are committed to investing in new projects and increasing the productivity of existing ones for fueling our future growth. We have strengthened the basis for further growth in the coming years by making strategic investments to modernize and improve our existing businesses processes while at the same time developing innovative ideas to support our achievement of Company's stated vision. Going forward, we believe that the main opportunity is in the housing sector, which the Company is already gearing itself up to take advantage of.

Information About Defaults In Payment Of Any Debts

The Company has not defaulted in payment of any debts.

Key Sources Of Uncertainty

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgments in the process of applying the Company's accounting policies. Estimates and judgments are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Uncertainties Facing The Company

The Company is mainly exposed to following uncertainties:

- Fluctuations in foreign exchange rates
- Fluctuations in interest rates
- Raw material price volatility
- Law & regulations

Materiality Approach Adopted

Materiality as a key component of an effective communication with stakeholders. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

Corporate Social Responsibility

The Sustainability Challenge

In this report we present a framework, focusing on various sustainable development outcomes we will work to achieve. Over the course of 2019, we worked hard to develop these, looking at what is material to us and viewing these issues through the lens of long-term social and environmental trends as well as the current operating context of our business.

Corporate / Social Responsibility

The aim is to become a Company that is accepted by the society. Throughout our business process, we impact the society in many ways, striving to be a good corporate citizen and believing in giving back to the society. For community investment and welfare, the Company acknowledges its responsibility towards society. Giving away our share of kindness is not a part of a philanthropic endeavor, but a larger social responsibility that the society itself has entrusted upon us. Mughal Steel and its sponsors have been part of various projects, the primary one being the Mughal Eye Hospital (Trust) that is entirely devoted to curtail the increasing blindness in Pakistan.

Energy Conservation

The Company is firmly committed to efficient use of limited energy resources. In this regard, gas and electricity can be produced at Mughal Steel. Further, successful turnaround in form of new energy efficient furnaces and rolling mills have brought desired results of efficient performance in addition to overall improvement in energy consumption indices.

The efforts of the Company for energy conservation have also been recognized by the Ministry of Industries, Engineering Development Board, FPCCI and other industrial forums of the country particularly for its contribution to energy efficiency measures.

Impact Of Company's Business On Environment And Environmental Protection Measures

The production of steel is grossly dependent on large amount of coal feedstock that releases clouds of carbon dioxide emissions in the atmosphere. Clean coal technology is an efficient technology which reduces the emissions of Sulfur Dioxide and Nitrogen Dioxide resulting in plant efficiency. The Company is the pioneer in augmenting the utilization of coal gasification also known as the clean coal technology introduced in the industrial sector of Pakistan. Similarly, production of billets results in significant amount of smoke which is released into the atmosphere. In order to control this, the Company has installed state of the art dust collection system.

The coal gasification and dust collection system also accredits the Company in fulfilling its strong commitment towards environmental sustainability. This has further strengthened the image of Mughal Steel as an environmental sensitive Company that operates in compliance to the international health and environmental standards.

Further, the elimination of re-heating furnaces by enabling direct-rolling for re-rolling mills has further, reduced the need for use of coal gasification and furnace oil.

The Company is also ISO 14001:2015 compliant.

Community Investment & Welfare Schemes

The Company has a tradition of good community relations. We believe that investing in our communities is an integral part of our social commitment to ensure the sustained success of the Company. We aim to ensure that our business and factory have the resources and support to identify those projects, initiatives and partnerships that make a real difference in their communities and that mean something to employees and their families. Wedding

ceremonies are arranged for underprivileged individuals of the society. Educational scholarships also are given to needy students who have shown praiseworthy academic performance.

Consumer Protection Measures

The Company takes care and applies appropriate procedures to manufacture steel products so as to ensure that no harmful substances are present in its products. The Company has strict policy to control any activity which is against the consumer rights.

Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. Employees are required to ensure compliance with regulations and the Company fully recognizes employee rights including the Collective Bargaining Agent (CBA). The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. The Company also organizes rewards and recognition programs for acknowledgment of work done by its employees.

Employment Of Special Persons

The Company ensures employment of disabled persons in compliance with the rules set out by the Government of Pakistan in respect of quota of the total workforce necessitated to be allocated to disabled persons.

Occupational Health & Safety (OHS)

We are firmly committed to maintaining a safe and healthy working environment for our employees. Health management involves strengthening our employees' physical, mental and social wellbeing.

A free medical Centre has been established at site providing medical facilities to the employees. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers.

The Company is OHSAS 18001:2007 compliant.

Business Ethics & Anticorruption Measures

The Company ensures ethical compliance with all regulatory and governing bodies while conducting its operations.

The Company has formulated various policies including "Code of Conduct", "Whistle Blowing Policy" and "Policy on Sexual Harassment". The Company ensures effective implementation of these policies through its training, management standards and procedures, with an aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Employees are encouraged to report any "kickbacks" deals. No employee is allowed to run a parallel business.

National Cause Donations

The company encourages contributing to the national cause in the form of donations to Government Schemes.

Contribution To National Exchequer

During the year, the Company has contributed an amount of Rs. 2,936.678 million towards national exchequer in shape of taxes, duties, cess, levies etc.

Rural Development Programs

The Company encourages rural development programs for the enhancement of health of the rural population along with infrastructure development of the areas.

Mitigating Efforts To Control Industry Effluents

In order to mitigate the effects of industrial effluents on the surrounding environment, the Company is putting forth all efforts for providing a healthy environment to employees and natives. In this regard following major environment friendly efforts have been carried out by the Company:

1. Installation of dust collection system for environment protection.
2. Introduction of clean coal technology to reduce the emissions of sulfur dioxide and nitrogen dioxide.
3. Plantation is carried out to ensure a healthy and green environment.
4. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure the safe health of workers.

Further, the Company is in compliance with ISO-14001:2015.

Energy Saving Measures Taken By The Company And The Company's Plans To Overcome The Escalating Energy Crisis

At Mughal Steel our main priority is efficient use of limited energy resources available. Successful operations of new energy efficient melting furnaces and re-rolling mills have contributed towards efficient performance in addition to overall improvement in energy consumption.

Messages Of The Chairman, Chief Executive Officer And Directors' Statement Of Compliance

The Directors endorse the contents of the Chairman's letter and review, Chief Executive Officer's messages and Director's statement of compliance.

Acknowledgements

The Board expresses its gratitude for the efforts of all its employees, executives, workers and stakeholders which enabled the management to run the Company smoothly throughout the year. It is expected that the same co-operation would be forthcoming in future years.

On behalf of the Board,



Mirza Javed Iqbal
Chairman Chief



Khurram Javaid
Executive Officer

Lahore: September 20, 2019

- صارف کے تحفظ کے لئے اقدامات

کمپنی اسٹیل مصنوعات بنانے وقت موزوں طریقوں پر عمل درآمد کرتی ہے، اور اس بات کو یقینی بنایا جاتا ہے کہ ہماری مصنوعات میں کوئی نقصان دہ مادہ شامل نہیں۔ کمپنی صارف کے حق کے خلاف کسی بھی قسم کی سرگرمی پختی سے نمٹنے کی پالیسی پر عمل پیرا ہے۔

- صنعتی تعلقات

کمپنی نے ایسے طریقہ کار، قواعد و ضوابط مقرر کیے ہیں، جو روزگار سے متعلق رہنمائی فراہم کرتے ہیں۔ کمپنی نے اپنے ملازمین کے لئے گریجویٹ اور ورکرز پروٹ پرائیشن فنڈ رخصت کیے ہیں۔ مزید، کمپنی اپنے منافع کی بنیاد پر ملازمین کو الائنسز اور کارکردگی کی بنیاد پر ایوارڈز بھی دیتی ہے۔ ملازمین کے لیے قواعد و ضوابط کو یقینی بنانا بہت ضروری ہے۔ اور کمپنی مجموعی طور پر کوئیکو پارٹننگ ایجنٹ (سی بی اے) سمیت ملازمین کے تمام حقوق کو تسلیم کرتی ہے۔ کمپنی تمام موجودہ اور ممکنہ ملازمین کو یکساں مواقع فراہم کرنے میں پر عزم ہے، جو کہ مذہبی، نسل اور عمر وغیرہ کے تعصب سے پاک ہو۔ کمپنی اپنے ملازمین سے لیے جانے والے کاموں کے اعتراف کے لئے انعامات اور اعزازی پروگرام بھی منعقد کرتی ہے۔

- مخصوص افراد کے لیے ملازمت

کمپنی حکومت پاکستان کی طرف سے مقرر کردہ قوانین کے مطابق معذور افراد کے لیے ملازمتی مواقع کو یقینی بناتی ہے۔ تمام ملازمین کی تعداد میں سے مقرر کردہ حصہ معذور افراد کے لیے مختص کیا گیا ہے۔

- صحت عامہ اور حفاظت (OHS)

ہم اپنے ملازمین کو کام کرنے کے لئے ایک محفوظ اور صحت مند ماحول فراہم کرنے کے لیے پر عزم ہیں۔ صحت کے انتظام میں ہمارے ملازمین کے جسمانی، ذہنی اور سماجی خوشحالی کو مضبوط بنانے کے لیے اقدامات شامل ہیں۔ ملازمین کو طبی سہولیات فراہم کرنے کے لیے سائٹ پر ایک مفت میڈیکل سینٹر قائم کیا گیا ہے۔ ملازمین کی پیشہ وارانہ صحت کے پیش نظر، باقاعدگی سے فرسٹ ایڈ اور سی بی آر ٹرینگ کے پروگرام منعقد کیے جاتے ہیں۔ اس کے علاوہ کمپنی OHSAS 18001:2007 کے عین مطابق ہے۔

- کاروباری اخلاقیات اور انسداد بدعنوانی کے لیے اقدامات

کمپنی اپنے کاروباری معاملات کے دوران تمام انتظامی اداروں کے ساتھ اخلاقی تعلیم کو یقینی بناتی ہے۔ کمپنی نے "ضابطہ اخلاق"، "مجری" اور "جنسی ہراساں کرنے کی پالیسی" سمیت مختلف پالیسیاں تشکیل دی ہوئی ہیں۔ کمپنی ان پالیسیوں پر انتظامی معیار اور طریقہ کار سے موثر عملدرآمد کو یقینی بناتی ہے۔ جس کا مقصد ایک نظم و ضبط والے ماحول کو فروغ دینا ہے۔ جس میں تمام ملازمین اپنے کردار اور ذمہ داریوں کو سمجھ سکیں۔

ملازمین کو کسی بھی قسم کی "رشوت" کے معاملات کی اطلاع دینے کے لیے حوصلہ افزائی کی جاتی ہے۔ کسی بھی ملازم کو متوازی کاروبار چلانے کی اجازت نہیں ہے۔

- قومی مفاد کے لیے عطیہ

کمپنی سرکاری اسکیموں میں عطیہ دے کر قومی کاز کی حوصلہ افزائی کرتی ہے۔

- قومی خزانے میں حصہ

سال کے دوران کمپنی نے ٹیکس، ڈیوٹیس، سیس اور لیوی کی مد میں تقریباً 2,936.678 ملین روپے قومی خزانے میں جمع کروائے ہیں۔

- دیہی ترقیاتی پروگرام

کمپنی دیہی علاقوں میں بنیادی ڈھانچے کی ترقی کے ساتھ ساتھ دیہی آبادی کی صحت میں بہتری کے لیے مختلف پروگرام شروع کرنے پر محنت کر رہی ہے۔

- صنعتی خارج شدہ مادوں کو کنٹرول کرنے کے لیے مثالی اقدامات

اگر گرد کے ماحول پر صنعتی اثرات کو کم کرنے کے لیے، کمپنی ملازمین اور مقامی افراد کو صحت مند ماحول فراہم کرنے کے لیے تمام کوششوں کو مزید آگے بڑھا رہی ہے، اسی سلسلے میں کمپنی کی طرف سے اہم ماحول دوستی کی کوششیں مندرجہ ذیل ہیں۔

- ماحولیات کی تحفظ کے لیے حصوں جمع کرنے کے نظام کی تنصیب
- سلفر ڈائی آکسائیڈ اور نائٹروجن کے اخراج کو کم کرنے کے لیے صاف کونکے کی میکانیولاجی کا تعارف
- ایک صحت مند اور سرسبز ماحول کو یقینی بنانے کے لیے پودے لگائے جاتے ہیں۔
- ملازمین کی صحت کے پیش نظر باقاعدگی سے سی پی آر صحت کے پروگرام اور فرسٹ ایڈ سہولیات کو یقینی بنایا جاتا ہے۔
- اس کے علاوہ کمپنی ISO 14001:2015 کے مطابق سرٹیفائیڈ ہے۔

- توانائی کی بچت کے لیے کمپنی کے اقدامات اور بڑھتے ہوئے بجلی کے بحران سے نمٹنے کے لیے کمپنی کی منصوبہ بندی

مغل اسٹیل میں ہماری اولین ترجیح دستیاب توانائی کے وسائل کا موثر استعمال ہے۔ موثر گھلنے والی نئی سٹیٹوں اور ری رولنگ ملز کے آپریشنز سے توانائی کی کھپت میں مجموعی بہتری کے علاوہ آپریشنز میں موثر کارکردگی کی طرف مدد ملی ہے۔

- چیئر مین اور چیف ایگزیکٹو کے پیغامات اور ڈائریکٹرز کی جانب سے تعمیل کا بیان

ڈائریکٹرز، چیئر مین کے خط اور تجزیے، چیف ایگزیکٹو آفیسر کے پیغامات اور ڈائریکٹرز کی جانب سے تعمیل کے بیان کی تصدیق کرتے ہیں۔

- اظہار تشکر

بورڈ اپنے تمام ملازمین، ایگزیکٹوز، ورکرز اور سٹیک ہولڈرز کی کوششوں پر ان کا شکریہ ادا کرتا ہے، کہ جن کی بدولت مینجمنٹ سارا سال کمپنی کو روانگی اور آسانی سے چلا سکی، اور امید کرتا ہے، کہ مستقبل میں اسی تعاون کو برقرار رکھا جائے گا۔

بورڈ کی جانب سے



مرزا جاوید اقبال
چیئر مین



خرم جاوید
چیف ایگزیکٹو آفیسر

لاہور: 20 ستمبر 2019

اہم خطرات کے جائزے پر بورڈ کا بیان

بورڈ آف ڈائریکٹرز میں کمپنی کو درپیش بنیادی / کلیدی خطرات کا جائزہ لیا ہے جن میں کاروباری ماڈل، مستقبل کی کارکردگی سولوشن اور لیکویڈٹی کے خطرات بھی شامل ہیں۔

مکملہ مواقع

ہم نئے منصوبوں میں سرمایہ کاری کر کے اور موجودہ پیداوار کو بڑھا کر ترقی کرنے کے لئے پر عزم ہیں، ہم نے آنے والے سالوں میں اپنی ترقی کی بنیاد کو اسٹریٹجک سرمایہ کاری اور جدید کاروباری عمل کے ذریعے مزید مضبوط بنایا ہے۔ اور اس کے ساتھ ساتھ کمپنی کے ویزن کو حاصل کرنے کے لئے جدید خیالات کو فروغ دیا ہے۔ آگے بڑھتے ہوئے، ہم یہ مانتے ہیں کہ باؤنگٹ سیکٹر میں اہم مواقع موجود ہیں۔ جس کا فائدہ اٹھانے کے لئے کمپنی پہلے ہی خود کو تیار کر چکی ہے۔

کسی بھی قرض کی ادائیگی میں ہونے والی ڈیفالٹ کی معلومات کمپنی نے کسی بھی قسم کے قرض کی ادائیگی میں ڈیفالٹ نہیں کیا۔

غیر یقینی صورت حال کے عناصر

ان مالیاتی دستاویزات کی تیاری میں فنانس رپورٹنگ کے بین الاقوامی معیاری، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، بیرونی کی گئی ہے۔ اندازوں اور فیصلوں کا باقاعدہ جائزہ لیا جاتا ہے جو تاثراتی تجربے اور مختلف حالات پر موجودہ صورت حال میں مناسب ہوتے ہیں۔ حقیقی نتائج اندازوں سے مختلف ہو سکتے ہیں۔ اندازوں میں تبدیلی کے اثرات کو اس عرصے میں بیک کیا جاتا ہے جس عرصے میں وہ اثر انداز ہو رہے ہوں، یا موجودہ وقت میں یا مستقبل میں۔

کمپنی کے لئے غیر یقینی صورت حال

کمپنی کو بنیادی طور پر مندرجہ ذیل غیر یقینی صورت حال کا سامنا ہے۔

- غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ
- شرح سود میں اتار چڑھاؤ
- خام مال کی قیمتوں میں عدم استحکام
- قوانین اور قواعد

میٹیریلٹی کا نقطہ نظر

اسٹیک ہولڈرز کے ساتھ مواصلات کے لئے میٹیریلٹی ایک اہم عنصر ہے۔ عام طور پر، ان معاملات کو میٹیریل سمجھا جاتا ہے، اگر وہ انفرادی یا اجتماعی طور پر کمپنی کی کارکردگی اور منافع بخشی پر اثر انداز ہوں۔

کارپوریٹ سماجی ذمہ داریاں

- مستقل پائیداری کا چیلنج

اس رپورٹ میں ہم نے ایک فریم ورک پیش کیا، جس کے تحت ہم نے اپنی توجہ مختلف پائیدار ترقیاتی نتائج پر مرکوز رکھی ہے، اور جو ہم نے حاصل کرنے ہیں۔ 2019 کے دوران ہم نے یہ چیلنجز میں سخت محنت کی، کہ ہمارے لیے کیا اہم ہے، اور مختلف چیزوں کو طویل مدتی اور موجودہ حالات میں سماجی اور ماحولیاتی رجحانات کے لحاظ سے جانچا۔

- کارپوریٹ سماجی ذمہ داری

ہمارا مقصد ایک ایسی کمپنی بنانا ہے، جس کو معاشرے میں قبول کیا جاسکے، ہمارے کاروباری عمل کے

دوران، ہم معاشرے پر مختلف طریقوں سے اثر انداز ہوتے ہیں، اس کے ساتھ ساتھ ایک اچھا کارپوریٹ شہری ہونے اور معاشرے کو واپس ریٹرن دینے پر یقین رکھتے ہیں۔ معاشرے میں سرمایہ کاری اور فلاح و بہبود کے لئے، کمپنی معاشرے کی جانب اپنی ذمہ داری کو تسلیم کرتی ہے۔ معاشرے کو اس کا حصہ دینے کی ہماری سوچ ہمدردانہ رویہ پر منحصر نہیں بلکہ یہ معاشرے پر ہماری سماجی ذمہ داری ہے۔ ہم اپنے تمام کاروباری عمل کے دوران نہایت خوش اسلوبی سے ایسے ذرائع تلاش کرتے رہتے ہیں، جس سے ہم معاشرے کی طرف معاونت بڑھا سکیں۔ اس ذمہ داری کو پورا کرنے کی کوشش میں ہم نے کامیابی سے سماجی اور صحت کی فلاح و بہبود کے منصوبوں کی شروعات کی ہے۔ مغل اسٹیل اور اس کے اسپانسرز مختلف منصوبوں کا حصہ ہیں۔ جن میں بنیادی طور پر مغل آئی ہسپتال (ٹرسٹ) شامل ہے، جو کہ پاکستان میں بڑھتے ہوئے بینائی کے مسئلے کو کم کرنے میں موقوف ہے۔

توانائی کی بچت

کمپنی توانائی کے محدود وسائل کے موثر استعمال کے لئے پرعزم ہے۔ اس سلسلے میں، گیس اور بجلی مغل اسٹیل میں تیار کی جارہی ہے۔ مزید، نئی توانائی بچت، بجلیوں اور روٹنگ ملز کی آرائش سے مجموعی توانائی میں بچت کے ساتھ ساتھ مطلوبہ موثر کارکردگی کے نتائج حاصل کیے جا رہے ہیں۔

کمپنی کی توانائی کی بچت کی کوششوں کو وزارت صنعت، انجینئرنگ ڈیولپمنٹ بورڈ ایف پی سی اور دیگر صنعتی فرموں نے سراہا ہے، خصوصی طور پر موثر توانائی کی کارکردگی کے لئے کیے جانے والے اقدامات کو۔

کمپنی کے کاروبار کا ماحول پر اثرات، اور ماحولیاتی تحفظ پر حکمت عملی

اسٹیل کی پیداوار بڑے پیمانے پر کولڈ فیڈ اسٹاک پر منحصر ہے، جس سے ماحول میں کاربن ڈائی آکسائیڈ کا اخراج ہوتا ہے، صاف کولڈ ٹیکنالوجی ایک جدید اور موثر ٹیکنالوجی ہے، جس سے سلفر ڈائی آکسائیڈ اور نائٹروجن ڈائی آکسائیڈ کے اخراج میں کمی ہوتی ہے اور ٹیچنل پلانٹ کی کارکردگی میں بہتری ہوتی ہے۔ کمپنی کا کولڈ گیس کے استعمال کو فروغ دینے میں اہم کردار ہے، جو پاکستان کے صنعتی شعبے میں صاف کولڈ ٹیکنالوجی کے طور پر جانا جاتا ہے۔ اسی طرح بلٹ کی پیداوار سے ہوا میں وافر مقدار میں دھوئے کا اخراج ہوتا ہے، اس کو کم کرنے کے لیے کمپنی نے دھواں جمع کرنے کا جدید نظام تنصیب کیا ہوا ہے۔

کول کی گیس اور دھواں جمع کرنے والے نظام کی تنصیب، ماحولیاتی، پائیداری کو پورا کرنے میں کمپنی کے عظیم کی نشاندہی کرتا ہے۔ اور اس نے مغل اسٹیل کو ایک ماحولیاتی حساس کمپنی کے طور پر مزید مضبوط بنا دیا ہے، جو بین الاقوامی صحت اور ماحولیاتی معیاروں کے مطابق چلتی ہے اس کے علاوہ روری روٹنگ مل سے براہ راست روٹنگ کی بدولت حرارتی بجلیوں کا استعمال ختم کر دیا گیا ہے، جس سے کولڈ گیس اور فرس آئل کے استعمال میں کمی ہوئی ہے۔ اس کے علاوہ کمپنی ISO 14001:2015 کے عین مطابق ہے۔

معاشرے میں سرمایہ کاری اور فلاح و بہبود کی سیمیں

کمپنی کی معاشرے کے ساتھ اچھے تعلقات برقرار رکھنے کی روایت ہے۔ ہم یقین رکھتے ہیں کہ معاشرے میں سرمایہ کاری، ہماری کمپنی کی مسلسل کامیابی کو یقینی بنانے کے لئے ہمارے سماجی عزم کا ایک لازمی حصہ ہے ہم اس بات کو یقینی بناتے ہیں کہ ہمارے کاروبار اور فیکٹری میں اتنے وسائل موجود ہیں۔ جو مختلف منصوبوں، اقدامات میں ہماری شراکت کو یقینی بنائیں اور جن کی ہمارے ملازمین اور ان کے خاندانوں میں قدر ہو۔ جیسے کہ معاشرے میں غریب لوگوں کی شادیوں کا بندوبست کرنا۔ ضرورت مند طلباء کو تعلیمی کالرشپ بھی دی جاتی ہے۔ جنہوں نے قابل ذکر تعلیمی کارکردگی دکھائی ہو۔

تجارتی خطرہ					
کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر ذریعہ	غیر کمپنی کی صورت حال کے کلیدی عناصر	کم کرنے کی حکمت عملی
زیادہ	کم	کمپنی کی مصنوعات کی مانگ میں کمی	فنانس کپیٹل، سوشل اینڈ ریٹینشن شپ کپیٹل	کمپنی کی مصنوعات کی مانگ میں کمی سے منافع پر منفی اثرات مرتب ہو سکتے ہیں۔	کمپنی نے نہایت احتیاط سے اپنی مصنوعات کی اقسام بنائی ہیں۔ جو کہ نہایت ڈائنامک اور سیٹا اور خطرات سے بالاتر ہو۔
اوسطاً درمیانہ	کم	مقابلہ	فنانس کپیٹل، سوشل اینڈ ریٹینشن شپ کپیٹل	کاروباری حریفوں سے مقابلہ کمپنی کے لیے ناسا زگار ماحول پیدا کر سکتا ہے، اور ٹیچہ کاروباری نقصان ہو سکتا ہے۔	پچھلے پانچ دہائیوں سے اسٹیل انڈسٹری کے ساتھ منسلک رہنے کی وجہ سے مغل اسٹیل اس قابل ہو گیا ہے کہ مغل اسٹیل، اسٹیل انڈسٹری میں موجود کمپنیوں میں سابقہ پوزیشن کھ سکتی ہے کمپنی کی درج ذیل خصوصیات کی بنا پر اپنے حریفوں پر فوقیت رکھتی ہے۔ 1۔ مختلف مصنوعات اور مارکیٹوں پر مشتمل ڈائنامک سیٹا اور سیٹا پورٹ فولیو 2۔ مضبوط اور مستحکم ڈسٹری بیوٹن نیٹ ورک 3۔ مضبوط سپلائی چین 4۔ ایک ورڈ ائی گریڈیشن 5۔ برینڈ کی شناخت 6۔ اکانومی آف سکیلز 7۔ تکنیکی استعداد 8۔ کمپنی کے انڈرگیس اور ٹیکنالوجی کی پیداوار
آپریٹنگ خطرہ					
اوسطاً درمیانہ	کم	ملازمین کا چھوڑ جانا	ہیومن کپیٹل	اہم پوزیشنوں پر ملازمین کی تبدیلی میں اضافہ	کمپنی کے پاس وسیع جانشینی، ملازمین کی تربیت، ترقی، درجہ بندی اور مختلف ڈپارٹمنٹس میں منتقلی کا منصوبہ ہے۔
زیادہ	کم	توانائی کا بحران	مینیجنگ کپیٹل	بجلی کی عدم موجودگی کے سبب کمپنی ذیادہ سے زیادہ صلاحیت پر کام کرنے میں کامیاب نہیں ہو پائے گی۔	کمپنی نے گیس فائرڈ پاور پلانٹ کی تنصیب کی ہوئی ہے، کمپنی کے پاس 132 کلو واٹ کا گز موجود ہے، جس کی لوڈ کمیٹیٹی 19.99 میگا واٹ سے بڑھا کر 79.99 میگا واٹ کر لی گئی ہے۔
زیادہ	اوسطاً درمیانہ	خام مال کی فراہمی	مینیجنگ کپیٹل	قیمت میں منفی تبدیلی اور خام مال کی عدم دستیابی ہموار پیداوار کو متاثر کر سکتی ہے۔	پانچ دہائیوں سے زائد تجربے کے ساتھ کمپنی نے خریداری کے لیے ٹیم تیار کر رکھی ہے، جو پیداوار کے لیے خام مال کو حاصل کرنے میں مہارت رکھتی ہے، مزید کمپنی نے سپلائرز کے ساتھ مضبوط تعلقات قائم کیے ہوئے ہیں
زیادہ	کم	قدرتی آفات	مینیجنگ کپیٹل	ملازمین، ریکارڈ اور جائیداد کو متاثر کرنے والے بڑے حادثات کا خطرہ ہے۔	تخت اور معیاری آپریٹنگ طریقہ کار، ملازمین کی ٹریننگ اور آپریٹنگ نظم و ضبط کا عمل۔
مالیاتی خطرہ					
زیادہ	کم	کریڈٹ رسک	فنانس کپیٹل	گاہک اور بینک کمپنی کو ادائیگی میں ڈیفالٹ کر دیں۔	ہماری زیادہ تر فروخت نقد یا بینکنگ ادائیگی کے برعکس ہے۔ کریڈٹ فروخت کے لیے، گاہکوں کو کریڈٹ حدود بتادی گئی ہیں۔ تسلی بخش کریڈٹ ریٹنگ کے حامل بینکوں کے پاس فنڈز رکھوا کر ہم نے بینکوں کی طرف سے ڈیفالٹ کے خطرے کو کم کیا ہے۔

آڈٹ کمیٹی کمپنی میں انٹرنل کنٹرول کی ذمہ دار ہیں اندرونی اور بیرونی آڈیٹرز کی رپورٹ آڈٹ کمیٹی کو جاننے کے لئے پیش کی جاتی ہیں، جو کہ بعد میں تفصیلی غور و محض اور اصلاحات کی تجاویز کے ساتھ بورڈ آف ڈائریکٹرز کو پیش کی جاتی ہیں۔

کمپنی کے خطرات کو برداشت کرنے کی سطح کا تعین کرنے کے لئے بورڈ کی کوششیں بذریعہ رسک مینجمنٹ پالیسیز کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ حکمت عملی اور کاروباری مقاصد کو مرتب کیا ہے مزید بورڈ کی

گزشتہ سال کے مستقبل کے منظر نامے کا تجزیہ

مجموعی طور پر کمپنی کی فروخت اور پیداوار کے اہداف کمپنی کی مجموعی پیداوار اور فروخت اہداف کے عین مطابق رہے۔ غیر ملکی کرنسی کی شرح اور خام مال کی قیمتوں میں اتار چڑھاؤ کی وجہ سے لاگت میں اضافہ ہوا جس کو زیادہ تر منتقل یاظم کیا گیا تھا جبکہ آپریٹنگ اخراجات تخمینہ کے مطابق رہے۔

مستقبل کے امکانات / مستقبل کا منظر نامہ

کمپنی کی ترقی اور منافع بخشی بہت سے بیرونی عوامل جیسا کہ اقتصادی ترقی، سیاسی استحکام، مستقل معاشی پالیسیوں اور ملک کے قانون اور امن و امان کی صورتحال پر منحصر ہے۔ آگے بڑھتے ہوئے، کمپنی ہاوسنگ مارکیٹ میں اپنا شیئر بڑھانے اور کاروباری طریقہ عمل میں مضبوطی کے لئے پر عزم ہے جو کہ مضبوط سپلائی چین اور ٹیکنالوجی پر منحصر ہے۔ آنے والے سالوں میں انتظامیہ کی خواہش نہ صرف موجودہ کارکردگی کو برقرار رکھنا ہے بلکہ کمپنی کے ٹریک ریکارڈ کو مزید بہتر بنانا ہوگا۔ کمپنی دیگر اسٹیل سپلائرز پر اپنی مسابقتی پوزیشن کا فائدہ اٹھانے کے لئے مزید اقدامات کرے گی کیونکہ کمپنی اسٹیل صنعت میں مائیک کی متوقع کے پیش نظر کارپوریٹ اور ہاوسنگ اسٹیل مصنوعات کی فراہمی کر سکتی ہے۔ مغل اسٹیل ہاوسنگ پراجیکٹ میں اسٹیل کے استعمال میں متوقع اضافے کو پورا کرنے کے لئے اچھی پوزیشن میں ہے۔ کمپنی کی اعلیٰ معیار پر قائم رہنے کی پالیسی کی وجہ سے اس کو ان مصنوعات کے بہترین سپلائرز کے طور پر جانا جاتا ہے۔ کمپنی پر اعتماد ہے کہ ان اقدامات سے مستقبل میں کمپنی کی فروخت میں تیزی آئے گی۔ کمپنی تصانیق نرخوں پر بجلی کی دستیابی کے لئے ٹھوس اقدامات کر رہی ہے۔ موجودہ معاشی حالات کے پیش، نظر تو متوقع ہے کہ اگلے سال سود میں اضافہ ہوگا۔ معاشی کارکردگی کے لئے سیاسی استحکام سنگین اہمیت کا حامل ہوگا۔ کمپنی پاکستان میں قابل اطلاق تمام قواعد و ضوابط کی پیروی جاری رکھے گی۔

گزشتہ سال کے مستقبل کے منظر نامے میں بیان کردہ منصوبوں کا جائزہ

گزشتہ سال، کمپنی نے جون 2019 تک اپنی میلنگ اور ری رولنگ کی صلاحیتوں کو بڑھانے کا منصوبہ بنایا تھا تاہم، سال کے دوران پانچ میں سے تین فرسوں کی خریداری کو ملتوی کر دیا گیا جبکہ برری رولنگ مل کی کمرشل کارکردگی کی اجراء کو دسمبر 2019 تک بڑھادیا گیا ہے۔

خطرات اور مواقع کی رپورٹ

رسک مینجمنٹ فریم ورک

کمپنی کے رسک مینجمنٹ فریم ورک اور کمپنی کے رسک مینجمنٹ پالیسیوں کے قیام اور ان کی نگرانی کی تمام تر ذمہ داری بورڈ آف ڈائریکٹرز پر ہے۔ کمپنی کی رسک مینجمنٹ پالیسیاں، کمپنی کو درپیش خطرات کی نشاندہی اور ان کا تجزیہ اور ان کی نگرانی اور ان خطرات کو کم کرنے کے لئے بنائے گئے ہیں۔ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں میں ہونے والی تبدیلیوں کی عکاسی کے لئے رسک مینجمنٹ پالیسیوں اور سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔

بنیادی / کلیدی خطرات کے اثرات اور ان کے کم کرنے کے منصوبے اور حکمت عملی

ہم تسلیم کرتے ہیں کہ خطرات سے متعلق حکمت عملی ہماری مسلسل منافع بخشی اور ہمارے کاروبار کی طویل مدتی استحکام کے لیے نہایت اہم ہیں۔ تمام کاروباروں کی طرح، ہم بھی خطرات اور غیر متوقع صورتحال سے یکساں متاثر ہوتے ہیں۔ جو ہماری صلاحیتوں پر اثر انداز کر سکتے ہیں۔ جبکہ خطرات متعدد ہو سکتے ہیں۔ مالی سال 2019 اور 30 جون 2019 کو ختم ہونے والے سال میں وہ اہم خطرات جن کا کمپنی نے سامنا کیا، جو کہ اس رپورٹ کی اشاعت کی تاریخ تک درست سمجھے جاتے ہیں اور جنہیں بورڈ آف ڈائریکٹرز نے شناخت کیا، ان کا اور ان سے نمٹنے کے عمل کا خلاصہ درج ذیل ہے۔

اہم خطرات کی تفصیل / کلیدی خطرات جو کہ (CAPITALS) کی دستیابی اور اہلیت

پراثر انداز ہوتے ہیں:

کمپنی کو درج ذیل بیان کردہ خطرات کا سامنا ہے، جس کے مقابلے میں کمپنی درج ذیل میں بیان کردہ موثر حکمت عملی سے عمل درآمد کر رہی ہے۔

سٹریٹجک خطرات:

سٹریٹجک خطرات ایک مخصوص صنعت میں کام کرنے کے ساتھ منسلک ہوتے ہیں۔

تجارتی خطرات:

یہ خطرات ادارے کے لین دین سے پیدا ہوتے ہیں۔

آپریشنل خطرات:

یہ خطرات آپریشنل اور انتظامی طریقہ کار کے ساتھ منسلک ہوتے ہیں۔

مالیاتی خطرات:

مالیاتی خطرات کو درج ذیل اقسام میں تقسیم کیا جاتا ہے۔

کریڈٹ خطرات:

کریڈٹ خطرات اس خطرے کو ظاہر کرتے ہیں جس میں ایک پارٹی اپنی ذمہ داری کو پورا کرنے میں ناکامی کی وجہ سے دوسری پارٹی کے لئے مالی نقصان کا سبب بن جائے گی۔

مارکیٹ کا خطرہ:

مارکیٹ سے خطرے سے مراد مارکیٹ میں قیمتوں کی تبدیلی جیسے کہ، غیر ملکی کرنسی کی شرح، سود کی شرح اور ایکویٹی کی قیمتوں میں تبدیلی، کمپنی کے منافع یا مالی وسائل کے حصول کی قیمتوں پر اثر انداز ہوں گے۔

لیکویڈیٹی (سیالیت) کا خطرہ:

لیکویڈیٹی کے خطرے سے مراد وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داریوں کو پورا کرنے میں کامیاب نہ ہو سکے۔

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
زیادہ	کم	ناکارہ / پرانی ٹیکنالوجی	میڈیٹیکل ڈیویژن	بیرونی	استعمال کی جانے والی ٹیکنالوجی مستقبل قریب میں ناکارہ ہو سکتی ہے	مغل اسٹیل میں ہم اپنی تمام پیداواری صلاحیتوں کی باقاعدگی سے توازن، جدت اور تبدیلی میں یقین رکھتے ہیں، اور اس بات کو یقینی بناتے ہیں۔ کہ ہماری پروڈکشن کی سہولیات جدید ترین ہیں۔ ہم لاگت میں کمی، توانائی کی بہتر کارکردگی اور زیادہ پیداوار حاصل کرنے کے لیے جدید ٹیکنالوجی کا استعمال کر رہے ہیں۔

کاروباری کارکردگی کا سیکمینٹل جائزہ

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کی تعمیل کے ضمن میں ڈائریکٹرز مندوبہ ذیل کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی دستاویزات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی کی مصفاہ عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مساوی مالی دستاویزات میں منسلک بیانات کے علاوہ، مالیاتی دستاویزات کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ رائے پر مبنی ہیں۔
- ان مالیاتی دستاویزات کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیاری، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام بشمول مالیاتی کنٹرولز اپنے ڈیزائن کے اعتبار سے مستحکم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- کمپنی کے کاروبار کو رواں دواں رکھنے کی اہلیت پر کوئی شک نہیں ہے۔
- ادارہ ایک بے سرمایہ گریجویٹ اسکیم چلاتا ہے، اور اس اسکیم سے کوئی سرمایہ کاری منصفانہ نہیں کی ہوئی۔
- کمپنی نے کسی بھی قرض کی واپسی میں ڈیفالٹ نہیں کیا اور ناجی مستقبل میں ڈیفالٹ ہونے کا امکان ہے۔
- ہم نے مندرجہ ذیل معلومات انفرادی طور پر، اس رپورٹ یا مالیاتی دستاویزات میں شامل کر دی ہیں۔
- مالیاتی سال اور اس کے اختتام اور اس مالی دستاویزات کی تاریخ کے دوران اہم تبدیلیاں اور معاہدہ جات کی تفصیلات۔
- کمپنی کے گزشتہ سال کے نتائج سے اہم انحراف اور انحرافات کی وجوہات۔
- گزشتہ 6 سالوں کا اہم کاروباری اور مالیاتی ڈیٹا۔
- 30 جون 2019 کو ٹیکسز کے بقایا جات، ڈیویڈنڈ، لیویز اور چارجز سے متعلق قانونی ادائیگیوں (اگر کوئی ہے) سے متعلق معلومات۔
- اہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گرد خطرات اور غیر یقینی صورتحال کی تفصیلات۔
- سال کے دوران بورڈ اور کمپنی کے اجلاس اور ہر اجلاس میں ڈائریکٹرز کی حاضری۔
- ڈائریکٹرز کی ترقیاتی پروگرام میں شرکت کی تفصیلات۔
- ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور نا بالغ بچوں کی طرف سے کمپنی کی حصص میں لین دین۔

کلیدی مقدراری معلومات

کل ملازمین کی تعداد	
30 جون پر ملازمین کی تعداد	1,127
سال کے دوران اوسط ملازمین کی تعداد	950

مستقبل کا منظر نامہ

یہ بیان ایسے رجحانات اور عوامل کی نشاندہی کرتا ہے، جس سے کمپنی کے کاروبار کی مستقبل میں ترقی، کارکردگی اور پوزیشن اثر انداز ہو سکتی ہے۔

کارکردگی کی سیکمٹ رپورٹنگ کا طریقہ کار چیف رپورٹنگ ڈسٹریکٹ مینجر کو اندرونی طور پر دی جانے والی رپورٹنگ کے عین مطابق ہے۔ چیف ایگزیکٹو آفیسر کو ہی چیف ڈسٹریکٹ مینجر سمجھا جاتا ہے۔ جو مسائل مختص کرنے اور آپریٹنگ سیکمٹ کی کارکردگی کا جائزہ لینے کا ذمہ دار ہے۔ چیف آپریٹنگ ڈسٹریکٹ مینجر کو وسائل کے مختصی اور آپریٹنگ سیکمٹ کی کارکردگی کا جائزہ لینے کے لئے دی جانے والی معلومات کا دار و مدار مصنوعات کی اقسام پر مشتمل ہے۔ بنیادی طور پر کارکردگی تین قسم کی مصنوعات پر مبنی ہے یعنی "اسٹیل ری بار، گاڑا اور بلبس۔ مالی حسابات کی پیشین گوئی کے لئے، یہ انفرادی کارکردگی کے سیکمٹ کو مجموعی طور پر ایک سیکمٹ میں اکٹھا کیا گیا ہے۔

کاروباری نوعیت میں تبدیلی

سال کے دوران کمپنی کے کاروباری نوعیت میں کوئی تبدیلی نہیں آئی۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، ایم/ایس فضل محمود اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2019 کو ختم ہونے والے سال کے لیے اپنا آڈٹ مکمل کر لیا ہے، اور ایک غیر ترمیم شدہ آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز آئندہ ہونے والے سالانہ اجلاس میں ریٹائر ہو جائیں گے، اور اہلیت کی بنیاد پر انہوں نے خود کو 30 جون 2020 کو ختم ہونے والے سال کے لیے دوبارہ تقرر کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز پر ایم/ایس فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی آنے والے سال کے لیے بطور آڈیٹرز تعیناتی کی سفارش کی ہے جو کہ آنے والے سالانہ اجلاس میں ممبران کی منظوری سے مشروط ہے۔

متعلقہ پارٹی سے لین دین

لسٹڈ کمپنی (کوڈ آف کارپوریٹ گورننس) اور دیگر قابل اطلاق قوانین اور ضوابط کی تکمیل میں تمام متعلقہ پارٹی کی لین دین کی تفصیل آڈٹ کمیٹی کے سامنے پیش کی گئی اور آڈٹ کمیٹی کی سفارشات پر ان تفصیلات کو بورڈ کے سامنے جائزہ لینے اور منظوری کے لئے پیش کیا گیا۔ آڈٹ کمیٹی کے سفارشات پر متعلقہ پارٹی لین دین (اگر کوئی ایسا ہو) جو آرم لینتھ پر آئس پر نہ ہوا سے علیحدہ سے ضروری تفصیلات کے ساتھ بورڈ کے سامنے منظوری کے لئے پیش کیا جاتا ہے۔ تاہم، ایسے کوئی لین دین نہیں ہوئے تھے۔ مزکورہ بالا کے علاوہ کمپنی ایکٹ 2017 کے تحت ایسے تمام انتظامات اور معاہدوں کی تفصیلات بمعہ ان انتظامات اور معاہدوں میں شامل ہونے کی وجہ اور تفصیلات مالی حسابات کے نوٹس میں بیان کر دئے گئے ہیں۔

متعلقہ پارٹی سے لین دین کی پالیسی

بورڈ آف ڈائریکٹرز نے متعلقہ پارٹیز سے لین دین کی منظوری دی ہوئی ہے، جس کے تحت کمپنی عام کاروبار کے دوران متعلقہ پارٹیز سے لین دین آرم لینتھ کی بنیاد پر کرے گی۔ لفظ آرم لینتھ کے مطابق کاروبار کی شرائط بالکل ویسی ہی ہوں گی جو جو غیر متعلقہ کاروباری افراد کے درمیان کاروبار میں ہوتی ہیں۔ اس پالیسی کے تحت تمام متعلقہ پارٹیز لین دین کے لئے بورڈ کی منظوری درکار ہوگی، تاہم جہاں ڈائریکٹرز کی اکثریت دلچسپی رکھتے ہوں وہاں لین دین کو حصے داران کے ذریعے عام اجلاس میں منظور کیا جائیگا۔

مناسب اندرونی مالیاتی کنٹریولز

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے تھے۔ کوئی بھی اجلاس پاکستان سے باہر منعقد نہیں ہوا۔ غیر حاضری کی منظوری اس ڈائریکٹر کو دی گئی جو بورڈ اجلاس میں شرکت نہیں کر سکے۔

ڈائریکٹرز اندرونی مالیاتی کنٹریولز کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں۔ انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ تبادلہ خیال کے بعد، ڈائریکٹرز تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹریولز لاگو کئے گئے ہیں۔

بورڈ میں تبدیلی

سال کے دوران، 21 مئی 2019 کو سید سلمان علی شاہ کے مستعفی ہونے کی وجہ سے بورڈ میں ایک عارضی آسامی کی جگہ پیدا ہوئی۔ تاہم خالی آسامی کو پورا کرنے کے لئے بورڈ آف ڈائریکٹرز نے 16 جولائی 2019 سے بقیہ مدت کے لئے جناب شعیب احمد خان کو بطور آڈیٹرز کی تعینات کیا۔

بورڈ کی تشکیل

بورڈ نو منتخب ممبران پر مشتمل ہے۔ بورڈ کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے عین مطابق ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

بورڈ کمیٹی کے ممبران کے نام

آڈٹ کمیٹی

نمبر شمار	اراکین کے نام	عہدہ	حاضری
1	سید سلمان علی شاہ	چیئرمین / خود مختار ڈائریکٹر	4
2	جناب فہد جاوید	ممبر نان۔ ایگزیکٹو ڈائریکٹر	4
3	جناب فضیل بن طارق	ممبر نان۔ ایگزیکٹو ڈائریکٹر	4
4	محمد متین جمشید	ممبر نان۔ ایگزیکٹو ڈائریکٹر	4

a- مرد 8*
b- خاتون موجودہ مدت کے لئے استعفیٰ حاصل ہے

تشکیل:	
خود مختار ڈائریکٹر	1*
دیگر نان۔ ایگزیکٹو ڈائریکٹر	4
ایگزیکٹو ڈائریکٹر	3

تاہم جناب سید سلمان علی شاہ (چیئرمین آڈٹ کمیٹی) کے بطور کمیٹی کے ڈائریکٹر کی حیثیت سے مستعفی ہونے کے بعد، بورڈ آف ڈائریکٹرز نے 16 جولائی 2019 سے جناب عبدالرحمن قریشی کو بطور چیئرمین آڈٹ کمیٹی تعینات کیا۔

ہیومن ریسورس اینڈ ریموونٹیشن کمیٹی

نمبر شمار	اراکین کے نام	عہدہ	حاضری
1	جناب عبدالرحمن قریشی	چیئرمین / خود مختار ڈائریکٹر	1
2	مرزا جاوید اقبال	ممبر نان۔ ایگزیکٹو ڈائریکٹر	1
3	جناب فضیل بن طارق	ممبر نان۔ ایگزیکٹو ڈائریکٹر	1
4	محمد متین جمشید	ممبر نان۔ ایگزیکٹو ڈائریکٹر	1

* مالی سال کے دوران، ایک آڈیٹرز کیٹر (متعلقہ نوٹ میں بیان کر دیا گیا ہے) مستعفی ہو گئے تھے، بورڈ آف ڈائریکٹرز نے مالی سال کے اختتام کے بعد کمپنیز ایکٹ 2017 کی سیکشن 155 میں درج کردہ وقت کے اندر اندر حالی ہونے والی عارضی آسامی پر ڈائریکٹر کی تعیناتی کر دی تھی۔

ان افراد کے نام جو مالیاتی سال کے دوران کسی بھی وقت کمیٹی کے ڈائریکٹرز تھے

مندرجہ ذیل میں ان افراد کے نام ہیں، جو مالیاتی سال کے دوران کسی بھی وقت کمیٹی کے ڈائریکٹرز تھے:

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	مرزا جاوید اقبال	چیئرمین / نان۔ ایگزیکٹو ڈائریکٹر	4
2	خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	4
3	سید سلمان علی شاہ	خود مختار ڈائریکٹر	3
4	عبدالرحمن قریشی	خود مختار ڈائریکٹر	4
5	جمشید اقبال	ایگزیکٹو ڈائریکٹر	4
6	محمد متین طارق مغل	ایگزیکٹو ڈائریکٹر	4
7	فضیل بن طارق	نان۔ ایگزیکٹو ڈائریکٹر	4
8	محمد متین جمشید	نان۔ ایگزیکٹو ڈائریکٹر	4
9	فہد جاوید	نان۔ ایگزیکٹو ڈائریکٹر	4

ڈائریکٹرز کے معاوضے

بورڈ کے ممبران کے معاوضے بورڈ خود منظور کرتا ہے۔ تاہم، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں شامل نہ ہو۔ نان۔ ایگزیکٹو ڈائریکٹرز کا معاوضہ، کمیٹی کو کامیابی سے چلانے اور اس کو برقرار رکھنے کے مطابق ادا کیا جاتا ہے۔ تاہم، معاوضے کی حد ایسی نہیں ہوتی جو ان کی خود مختاری پر اثر انداز ہو۔ خود مختار ڈائریکٹرز کو بورڈ آف کمیٹی کے اجلاس میں شرکت کے لئے صرف اجلاس کی فیس دی جاتی ہے۔ دیگر نان۔ ایگزیکٹو ڈائریکٹرز کو اجلاس کی کوئی فیس نہیں دی جاتی۔ ڈائریکٹرز اور سی ای او کے معاوضات کی مزید معلومات کے لئے، براہ مہربانی مالی حسابات کا متعلقہ نوٹ ملاحظہ کریں۔

شمیر ہولڈنگ کی ترتیب

کمپنی کی شمیر ہولڈنگ کی تفصیلی ترتیب ساتھ منسلک ہے۔

نتیجہ، کمپنی کے اثاثوں کی بنیاد میں پچھلے سال کے مقابلے میں 5,166.253 ملین روپے کا اضافہ ہوا ہے۔

آپریٹنگ کارکردگی کا جائزہ

بہنٹیوں نے مجموعی طور پر 175,187 میٹرک ٹن پیداوار کی، جس میں پچھلے سال کے مقابلے میں 17.34 فیصد کمی ہوئی۔ رولنگ ملز نے مجموعی طور پر 343,407 میٹرک ٹن کی پیداوار کی، جس میں پچھلے سال کے مقابلے میں 36.49 فیصد اضافہ دیکھا گیا۔

غیر مالیاتی کارکردگی کا جائزہ

غیر مالیاتی قیودی کارکردگی کے اشارے وہ دیگر اقدامات ہیں جنہیں کمپنی اپنے اسٹریٹجک مقاصد کے حصول کے لئے اہم سمجھتی ہے۔ غیر مالیاتی عناصر وہ مقدار ہیں جہاں سے ملازمین، صارفین کے ساتھ تعلقات، برینڈ، معیار، معاشرے کی طرف ذمہ داری کا تعین ہوتا ہے۔ غیر مالیاتی قیودی کارکردگی کے اشاروں نے ادارے کے احوال کے حصول میں اہم کردار ادا کیا ہے۔ 2019 میں، ہم نے ایک اور کامیاب سال کا تجربہ حاصل کیا۔ ہماری معیاری طرف مسلسل توجہ اور اندرونی معیاری کارکردگی میں بہتری پر توجہ مرکوز رہی۔ بالآخر فی معاشی مشکلات اور چیلنجز کے باوجود کمپنی بہترین ٹاپ لائن اور بائم لائن نتائج دینے میں کامیاب رہی۔

ڈیویڈنڈ اور تقصیر

بورڈ آف ڈائریکٹرز نے ختم ہونے والے سال 30 جون 2019 کے لیے حتمی نقد منافع منقسمہ 1.20 روپے فی حصص یعنی 12 فیصد ہمارے مالکوں کے لئے دینے کا اعلان کیا ہے۔

تجویز کردہ حتمی نقد منافع منقسمہ ارکان کی منظوری سے مشروط ہے، جس کے لیے آئندہ سالانہ عمومی اجلاس 31 اکتوبر 2019 کو منعقد ہو رہا ہے۔ ان مالیاتی دستاویزات میں مندرجہ بالا تجویز کا اثر شامل نہیں اور ان کو اس مدت میں شامل کیا جائے گا، جس میں ارکان کی طرف سے ان کی منظوری دی گئی ہوگی۔

روپے ملین میں	
3,402.691	تصرف کے لئے موجود منافع
	تصرف
30 جون 2019 کو ختم ہونے والے سال کے لئے 1.20 روپے یعنی	
12 فیصد کے حساب سے حتمی نقد منافع منقسمہ	
3,100.000	غیر مختص شدہ منافع کی آگے منتقلی

بعد از اس واقعات اہم تبدیلیاں

فنانس ایکٹ 2019 کا اطلاق 01 جولائی 2019 سے ہوا جس کے تحت، اسٹیل صنعت کے لئے سیلز ٹیکس کے طریقہ کار میں نمایاں طور پر تبدیلی کی گئی۔ مزید برآں، جناب شعیب احمد خان کو 16 جولائی 2019 سے سید سلمان علی شاہ کی جگہ پر خالی ہونے والی آسامی پر آزاد ڈائریکٹر تعینات کیا گیا۔ اوپر بیان کردہ علاوہ مالیاتی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک کے دوران کوئی اہم تبدیلیاں اور معاہدہ جات نہیں ہوئے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیاں اسٹیل کی مصنوعات بنانا اور فروخت کرنا ہے۔

انویٹریز: 5,916.918 ملین روپے سے کم ہو کر 5,620.331 ملین روپے ہو گئی۔ ان میں سٹورز، سپہیز اینڈ لوز ٹولز، خام مال اور تیار شدہ مال شامل ہے۔ سٹورز، سپہیز اینڈ لوز ٹولز 597.198 ملین روپے سے بڑھ کر 969.360 ملین روپے ہو گئے۔ سٹورز آٹھری کی قیمتوں میں اضافے کی بنیادی وجہ افراط زر کا بڑھنا ہے۔ خام مال کی انویٹری 5,080.582 ملین روپے سے کم ہو کر 3,033.018 ملین روپے ہو گئی ہے، جبکہ تیار شدہ سامان کی انویٹری 239.138 ملین روپے سے بڑھ کر 1,617.952 ملین روپے ہو گئی ہے۔ خام مال کی زیادہ تر انویٹری کو تیار شدہ سامان میں تبدیل کر دیا گیا تھا جس کے نتیجے میں مذکورہ بالا تبدیلی آئی۔

تجارتی وصولیاں: 1,263.280 ملین روپے سے بڑھ کر 3,304.003 ملین روپے ہو گئیں اور ان میں بنیادی طور پر وہ وصولیاں شامل ہیں جو ابھی واجب الادا نہیں۔ تاہم، تمام وصولیوں قابل وصول ہیں۔

حکومت سے وصولی: 2,298.102 ملین روپے سے کم ہو کر 1,460.233 ملین روپے ہو گئی۔ اس میں بنیادی طور پر ایڈوانس آن ٹیکس، سیلز ٹیکس اور ایکسپورٹ ریگولیٹری ڈیوٹی شامل ہے۔ ایڈوانس آن ٹیکس میں کمی کی وجہ ٹیکسیشن کی ادائیگی کی ایڈجسٹمنٹ اور ایڈوانس ٹیکس کی واپسی شامل ہے۔ جبکہ سیلز ٹیکس کم ہونے کی وجہ سے سیلز ٹیکس لائیوٹی کی ایڈوانس ٹیکس کے عوض ایڈجسٹمنٹ ہے۔ ایکسپورٹ ریگولیٹری ڈیوٹی کا معاملہ اور پنجاب ریونیو اتھارٹی کی جانب سے میڈیٹیکس کی وصولی کا معاملہ مالی حسابات میں تفصیل سے بیان کر دیا گیا ہے۔

کیش اور بینک بیلنسز: 1,251.171 ملین روپے سے بڑھ کر 3,201.750 ملین روپے ہو گئے ہیں۔ ان میں بنیادی طور پر ڈرام ڈپازٹ ریسیٹ شامل ہیں جو آنے والے مالی واجبات کو پورا کرنے کے لئے مختلف بینکوں کے ساتھ عارضی طور پر سرمایہ کاری کے طور پر رکھوائے گئے ہیں۔

ڈائریکٹرز اور ان کے رشتے داروں سے ایکویٹی کنٹریبیوٹن 924.037 ملین روپے سے کم ہو کر 165.832 ملین روپے ہو گئی۔ کمی کی بنیادی وجہ ڈائریکٹرز اور ان کے رشتے داروں سے ایکویٹی کنٹریبیوٹن میں سے 758.205 ملین روپے کی ڈائریکٹرز سے مختصر مدتی قرضوں کو منتقلی شامل ہے۔

طویل مدتی قرضے: 829.000 روپے سے بڑھ کر 3,339.954 ملین روپے ہو گئے۔ یہ بنیادی طور پر کیمپنل منصوبوں کے لئے کئے گئے طویل مدتی ادھار کو ظاہر کرتے ہیں۔ کل طویل مدتی قرضوں میں سے 531.372 ملین روپے طویل مدتی قرضوں کے مختصر حصے میں ظاہر کئے گئے ہیں۔

جمع شدہ منافع: اسود امارک اپ 101.323 ملین روپے سے بڑھ کر 321.147 ملین روپے ہو گیا۔ اضافے کی بنیادی وجہ اوسطاً قرضوں کی بقایا جات اور KIBOR کی شرح میں نمایاں اضافہ ہے۔

بینکوں سے لیے گئے مختصر مدتی قرضے: 7,540.376 ملین روپے سے بڑھ کر 9,171.452 ملین روپے ہو گئے۔ یہ اضافہ ورلنگ کیمپنل کی بڑھتی ہوئی ضرورت کے پیش نظر ہے۔

30 جون 2019 کو کمپنی کی نیٹ ورٹھ 7,503.934 ملین روپے رہی، جو پچھلے سال 30 جون 2018 میں 7,466.333 ملین روپے تھی۔ 30 جون 2019 کو کمپنی کی فی حصص بریک اپ ویلیو 29.82 روپے رہی جو پچھلے سال 30 جون 2018 میں 29.68 روپے تھی۔

تمام کنٹریبیوٹن ایڈجسٹمنٹس کی تفصیلات مالیاتی گوشواروں کے متعلقہ نوٹس میں بیان کر دی گئی ہیں۔

حصہ داران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز باخوشی 30 جون 2019 کو اختتام پذیر ہونے والے سال کے لئے اپنی رپورٹ بمعہ سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔ کمپنی کے 30 جون 2019 کو ختم ہونے والے سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

تبدیلی	30 جون کو ختم ہونے والا سال	
	2018	2019
فیصد میں		
	روپے (ملین میں)	
فروخت	22,225.842	30,828.089
مجموعی منافع	2,794.412	3,188.993
آپریٹنگ اخراجات	(1,190.684)	(1,451.570)
ٹیکس سے پہلے کا منافع	1,603.728	1,737.423
ٹیکس	(313.513)	(364.492)
سال کا منافع	1,290.215	1,372.931
فی حصص آمدنی۔ بیسک اینڈ ڈائریبلڈ (روپے میں)	5.13	5.46

فیصد ہو گیا۔ مجموعی مارجن میں کمی کی بنیادی وجہ بڑھتی ہوئی پیداواری لاگت ہے۔ خام مال کی بڑھتی ہوئی لاگت اور دیگر پیداواری اخراجات کی لاگت میں اضافے کی وجہ سے مجموعی مارجن میں کمی واقع ہوئی۔ دیگر پیداواری اخراجات کی لاگت میں اضافے کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی ہے جس کی وجہ سے تقریباً تمام اخراجات میں اضافہ ہوا۔ تاہم، مذکورہ بالا مشکلات کے باوجود مجموعی مارجن پر منفی اثرات کو کمپنی کی طویل مدتی حکمت عملی کے تحت کافی حد تک قابو میں رکھا گیا۔ طویل مدتی حکمت عملی میں موثر ٹیکنالوجی میں مستقل سرمایہ کاری، سہلانی چین کی مضبوطی اور بیک ورڈورٹنگ نئی گریڈیشن اور موثر انویسٹمنٹ جیسے عوامل شامل ہیں۔ موثر انویسٹمنٹ میں بین الاقوامی سطح پر سکرپ کی قیمتوں میں کمی کا باوقت فائدہ اٹھاتے ہوئے سکرپ کی کثیر مقدار کو خریدنا شامل ہے۔

سیلز اور مارکیٹنگ کے اخراجات 18.16 فیصد کمی کے ساتھ 246.333 ملین روپے سے کم ہو کر 201.592 ملین روپے ہو گئے۔ ان اخراجات میں بنیادی طور پر مارکیٹنگ اور کرائے کے اخراجات شامل ہیں۔

انتظامی اخراجات 17.24 فیصد اضافے کے ساتھ 312.901 ملین روپے سے بڑھ کر 366.852 ملین روپے ہو گئے۔ اضافے کی بنیادی وجہ ملازمین کی تعداد اور تنخواہوں میں اضافہ شامل ہے۔

دیگر اخراجات 8.62 فیصد اضافے کے ساتھ 113.690 ملین روپے سے بڑھ کر 123.487 ملین روپے ہو گئے۔ دیگر اخراجات میں بنیادی طور پر ورکرز ویلفیئر فنڈ ز اور پرافٹ پارٹیشنمنٹس فنڈز شامل ہیں اور جن میں اضافہ منافع میں اضافے کے ساتھ منسلک ہے۔

مالیاتی اخراجات 42.33 فیصد اضافے کے ساتھ 552.460 ملین روپے سے بڑھ کر 786.328 ملین روپے ہو گئے۔ اضافے کی بنیادی وجہ اوسطاً قرضوں کی بقایا جات اور KIBOR کی شرح میں نمایاں اضافہ شامل ہے۔

ٹیکسیشن اخراجات 16.26 فیصد اضافے کے ساتھ 313.513 ملین روپے سے بڑھ کر 364.492 ملین روپے ہو گئے۔ اضافے کی بنیادی وجہ سال کے دوران منافع میں اضافہ اور پلانٹ اینڈ مشینری کی کمپنڈیشن کی وجہ سے ڈیفریڈ ٹیکس لائیبیلٹی میں اضافہ شامل ہے۔

نیچے، اس سال کا منافع 6.41 فیصد اضافے کے ساتھ پچھلے سال میں 1,290.215 ملین روپے کے مقابلے میں 1,372.931 ملین روپے تک بڑھ گیا۔ منافع شرح کے لحاظ سے پچھلے سال 5.81 فیصد سے کم ہو کر 4.45 فیصد ہو گیا۔

موجودہ سال فی حصص آمدن 5.46 روپے رہی جو کہ پچھلے سال 5.13 روپے تھی۔

پراپرٹی، پلانٹ اور ایکویٹمنٹ میں مادی فکسڈ اثاثے اور کمپیوٹل ورک این پراگریس شامل ہیں۔ مادی فکسڈ اثاثوں میں ڈسٹ کوئیکشن سسٹم، لیٹھ شیرنگ مشین، انڈکشن فرنس اور گارڈرل کے لئے ری ہیننگ فرنس کا اضافہ شامل ہے۔ کمپیوٹل ورک این پراگریس میں توسیعات کے منصوبے، جن میں بنیادی طور پر اسٹیل ری بار، رولڈنگ مل کی بی ایم آر کا منصوبہ شامل ہے۔

کاروباری، مالیاتی اور آپریٹنگ جائزہ

سال کے دوران، ذمہ داری کی شرح، شرح سود اور افراط زر کی سطح میں اضافے کے باعث ملک میں معاشی ترقی منفی رہی۔ عوامی ترقیاتی شعبا جات کے اخراجات میں بھی نمایاں کمی کی گئی تھی، جس کی بنا پر اس ترقی میں سال بہ سال 34 فیصد کا منفی رجحان دیکھا گیا۔ نتیجتاً، اسٹیل کی مجموعی صنعت پر منفی اثرات مرتب ہوئے۔ تاہم، عوامی ترقیاتی شعبا جات کے اخراجات میں کمی کو کافی حد تک ہارنگ سیکٹر میں اسٹیل کی مانگ کے ذریعے سمجھا لایا گیا تھا۔ آگے بڑھتے ہوئے، بڑھتی ہوئی آبادی کے پیش نظر اور دیہی علاقوں میں ابھرتے ہوئے خاندانوں کے پیش نظر گھروں کی مانگ میں اضافہ متوقع ہے جس سے کمپنی کی مصنوعات کی مانگ بھی بڑھے گی، جو پورے پاکستان کے رہائشی سیکٹر میں استعمال ہونے والا بنیادی عنصر ہے۔

مالیاتی کارکردگی کا جائزہ

کمپنی نے گزشتہ سال 22,225.842 ملین روپے کی فروخت کے مقابلے میں اس سال 38.70 فیصد اضافے کے ساتھ 30,828.089 ملین روپے کی خالص فروخت رجسٹرڈ کی۔ فروخت میں اضافے کی وجہ فروخت کے حجم میں اضافے کے ساتھ ساتھ فروخت کی قیمتوں میں اضافہ بھی شامل تھا۔

اس ٹاپ لائن کی کارکردگی کا کریڈٹ کمپنی کی منظم اور تسلیم شدہ برینڈ اینج اور مصنوعات کی ڈائیورسیفائیٹ پورٹ فولیو کو جاتا ہے جو وقت کے ساتھ ساتھ بہترین حکمت عملی کے تحت تشکیل کیا گیا ہے اور جس میں G-60 ری بار، مغل سپریم ری بار، گارڈر، ٹی آئرن اور بلٹ شامل ہے۔ یہ مصنوعات مختلف مارکیٹوں کی مانگ اور ضروریات کو پوری کر سکتے ہیں۔ ان خصوصیات نے کمپنی کو کافی حد تک منفی معاشی تبدیلیوں، مارکیٹ اور سیاسی خطرات سے ناقابل تصحیب بنا دیا ہے۔

موجودہ سال، مجموعی مارجن 14.12 فیصد اضافے کے ساتھ 2,794.412 ملین روپے سے بڑھ کر 3,188.993 ملین روپے ہو گیا۔ مجموعی مارجن منافع شرح کے لحاظ سے 12.57 فیصد سے کم ہو کر 10.34

چیف ایگزیکٹو آفیسر کا تبصرہ

ہماری مضبوط اور پائیدار کارکردگی، ہماری ترقی کی حکمت عملی کے کامیاب نفاذ کی عکاسی کرتی ہے۔

آگے بڑھتے ہوئے، قوموں کی ترقی اور معیشت اور معاشرے میں اسٹیل ایک بنیادی عنصر ہے۔ پاکستان کے پاس نوجوان افراد اور بڑھتی ہوئی آبادی اور ابھرتی ہوئی معیشت کا منفرد فائدہ موجود ہے جو کہ اسٹیل جیسی صنعتوں کی مستقل مانگ کو آگے بڑھاتا ہے۔ تاہم قلیل مدتی معاشی صورتحال، کچھ چیلنجز کا باعث بن سکتی ہے لیکن مستقبل میں آپ کی کمپنی کے لئے بہت سے مواقع موجود ہیں۔ آپ کی کمپنی ان مواقعوں سے فائدہ اٹھانے اور مضبوط ترقی فراہم کرنے کے لئے اچھی پوزیشن میں ہے۔

آخر میں، میں اپنے حصص داران اور ملازمین کو ان کی حمایت کے لئے شکریہ ادا کرنا چاہوں گا۔ 2020 میں ہم اپنے منافع کو مزید بڑھانے اور اپنے تمام وسائل کو کاروبار کی ضروریات کے مطابق بروئے کار لانے پر کام کریں گے۔ میں پر اعتماد ہوں کہ مغل اسٹیل کی تمام ٹیم کمپنی کو مزید مضبوط بنانے میں مشترکہ کام کرے گی۔

جب میں پچھلے سال کی ہماری پیشرفت پر روشنی ڈالتا ہوں تو میں سب سے پہلے آپ لوگوں کے مغل اسٹیل پر عظیم اور اس میں سرمایہ کاری کرنے پر آپ سب کا شکریہ ادا کرتا ہوں۔ جو کچھ ہم نے ایک ساتھ مل کر حاصل کیا ہے اس پر میں فخر محسوس کرتا ہوں اور مستقبل میں موجود مواقعوں سے اس سے بھی زیادہ پُر امید ہوں۔ 2019 میں کمپنی کی مجموعی بنیادوں کو مزید مضبوط کرنے اور حصے داران کی قدر میں طویل مدتی اور پائیدار اضافہ کرنے کے حوالے سے جو پیش رفت کی اس کے حوالے سے میں کافی مطمئن ہوں۔ ہم آپریشنل عمل درآمد، ملازمین کی حفاظت، مصنوعات کے معیار، ماحولیاتی قیام اور سب سے بڑھ کر لگاؤ ترقی کے حوالے سے کارکردگی فراہم کرتے ہوئے آ رہے ہیں۔

کمپنی نے اپنی مسابقتی حیثیت کو مضبوط کرنے کے لئے اسٹریٹجک کوششیں کیں جن میں مارکیٹ اور مصنوعات کا ڈائنامیسی سنیٹا نیڈ پورٹ فولیو تشکیل کرنا شامل تھا۔ ایک ایسا پورٹ فولیو جو کہ شہری اور دیہی مارکیٹوں میں ری بار، گارڈ راورٹی آرن کی مصنوعات پر مشتمل ہو۔ ان کوششوں کی بنا پر منفی معاشی حالات کے باوجود کمپنی سال بہ سال بہترین کارکردگی فراہم کرنے میں کامیاب رہی اور اس کی فروخت جو کہ مالی سال 2018 میں 22,225.842 ملین روپے سے بڑھ کر مالی سال 2019 میں 30,828.089 ملین روپے ہو گئی۔ اسی بدولت ٹیکس کے بعد کا منافع جو کہ مالی سال 2018 میں 1,290.215 ملین روپے سے بڑھ کر مالی سال 2019 میں 1,372.931 ملین روپے ہو گیا۔ نتیجتاً فی حصص آمدنی 5.46 روپے رہی، جو کہ پچھلے سال 5.13 روپے تھی۔

کمپنی کسی بھی قرضے کی واپسی میں ناہنہ نہیں۔ سال کے دوران، کمپنی نے ٹیکس، ڈیوٹیس، سٹیکس اور لیوی وغیرہ کے مد میں قومی خزانے میں تقریباً 2,936.678 ملین روپے جمع کروائے۔



خرم جاوید

چیف ایگزیکٹو آفیسر

لاہور: 20 ستمبر 2019

حصہ داران کے لئے چیئر مین کا خط

جب میں پچھلے ایک سال کو دیکھتا ہوں جو کہ کھن معاشی تبدیلیوں کا سال تھا، تو میں یہ محسوس کرتا ہوں کہ ہم نے کس قدر کامیابی کے ساتھ اس کا سامنا کیا اور کتنا کچھ حاصل کیا۔

کاروباری کارکردگی کا جائزہ

میرے لئے آپ کو یہ بحیثیت چیئر مین مغل آئرن اینڈ اسٹیل انڈسٹری لمیٹڈ لکھنا باعث اعزاز کی بات ہے۔

مالیاتی سال 2018-19 آپ کی کمپنی کے لئے ایک اور اچھا سال تھا۔ جس میں آپ کی کمپنی نے اپنے اسٹریٹیجک روڈ میپ پر عمدہ کارکردگی پیش کی اور متعدد مشکلات کے باوجود بلند یوں کی نئی مثال قائم کرتے ہوئے مطلوب مالی کارکردگی کے نتائج پیش کیے۔ آپ کے اعتماد اور تعاون کے ساتھ ساتھ ہمارے ملازمین کی لگن اور محنت پر ہماری کامیابی کا دارومدار منحصر ہے، اور جس کے لئے میں بورڈ کی طرف سے آپ سب کا شکریہ ادا کرتا ہوں۔

مجھے آپ کو یہ بتاتا ہوں خوشی محسوس ہو رہی ہے کہ موجودہ معاشی حالات کے باوجود، آپ کی کمپنی نے مجموعی طور پر مالی سال 2019 میں 30,828,089 ملین روپے کی فروخت کی جو کہ پچھلے سال 22,225,842 ملین روپے تھی۔ نتیجہً فی حصص آمدنی مالی سال 2018 میں 5.13 روپے سے بڑھ کر مالی سال 2019 میں 5.46 روپے ہوئی، جو کہ ایک قابل تعریف کامیابی ہے۔

اسٹریٹیجک بنیاد پر، 2018-19 کے دوران، بورڈ نے مصنوعات اور مارکیٹ سے متعلق متفرق حکمت عملی کی تجدید کی اور ہوسنگ سیکر اور ہوسنگ سیکر کی اسٹیل مصنوعات سے متعلق حکمت عملی پر مزید توجہ مرکوز کرنے کی ترغیب دی اور اقدامات کیے۔ اسی حکمت عملی کے تحت، ہم نے اپنے برینڈ مغل پیریم کو مزید مضبوط بنانے کے لئے اقدامات کیے۔ صنعتی حرکیات میں تبدیلی کی وجہ سے، بورڈ نے طے کیا کہ کیونکہ مستقبل میں بڑے انفراسٹرکچر منصوبوں کی مارکیٹ میں ترقی کی شرح کم ہے اس لئے یہ مارکیٹ فی الوقت کمپنی کی اسٹریٹیجک دائرہ کار سے باہر ہے، جس وجہ سے اس مارکیٹ پر توجہ محدود کرنے کا فیصلہ کیا گیا ہے اور اس کے برعکس فیصلہ کیا گیا کہ مغل پیریم اور مغل گاڈز کے ذریعے ہوسنگ مارکیٹ پر توجہ مرکوز کیا جائیگی اور اس سے متعلق مزید اسٹریٹیجک نوعیت کے مواقع تلاش کئے جائینگے جو کمپنی اور کمپنی کے حصے داران کے لئے طویل مدت میں فائدہ مند ہوں گے۔

آگے دیکھتے ہوئے سال 2019-20 میں ہم توقع کرتے ہیں کہ کاروباری حالات مشکل رہیں گے، تاہم، ہم اپنے تمام کاروباری عوامل میں مزید افادیت تلاش کرنے کی کوشش کریں گے اور ہماری مینجمنٹ کی صلاحیتوں کو مزید بڑھانے کی اور مضبوط کرنے کی کوشش کریں گے۔ ہم اپنی سبقت کی پوزیشن اور مستقل ترقی کو برقرار رکھنے کی بھرپور کوشش کریں گے۔ ہمارے حصے داران کے لئے، ہم ان سے متعلقہ پالیسی پر ایماندار سے قابل عمل رہیں گے اور ان کی قدر بڑھانے کے لئے مزید اقدامات کرتے رہیں گے۔

ہماری ترقی کی حکمت عملی کے پیش نظر بورڈ کی یہ ہمیشہ سے خواہش رہی ہے کہ حصے داران کی قدر داران کا ریٹرن زیادہ سے زیادہ بڑھایا جائے۔ اور اسی کے پیش نظر ہم باضمی سے اب تک نقد منافع اور بونس شیئر کا اعلان کرتے آ رہے ہیں۔ اسی کو مدنظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز کی جانب سے، میں باخوشی، ہمارے مالکان کے لئے ختم ہونے والے سال 30 مارچ 2019 کے لئے فی حصص 1.20 روپے جو کہ 12 فیصد بنتا ہے کے حساب سے حتمی نقد منافع منقسمہ کا اعلان کرتا ہوں۔

بورڈ کی کارکردگی کا جائزہ:

بحیثیت بورڈ چیئر مین، میں کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت درکار بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے حوالے سے بورڈ کے کردار پر جائزہ پیش کرتا ہوں۔

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ ادارہ موثر طریقے سے ایسے کام کر رہا ہے جن سے ادارے کی صداقت اور سٹیبل ہولڈرز کے مفادات کی حفاظت کرتے ہوئے اپنے مقاصد کو حاصل کیا جاسکے۔ مجموعی طور پر، بورڈ اپنے تنظیمی ڈھانچے اور ساخت کی بنا پر اچھے طریقے سے کام کر رہا ہے۔ بورڈ اراکین کے پاس مناسب صلاحیت، علم اور تجربہ موجود ہے، جو کہ کاروبار کو موثر طریقے سے چلانے کے لئے ضروری ہے۔ بورڈ کمیٹیوں نے بھی بورڈ کی جانب سے دیے گئے کام کو مناسب اور موثر طریقے سے جاری رکھا۔ انفرادی بورڈ اراکین جتنی ہیں اور کمپنی کی مجموعی کارکردگی میں بہتری کے لئے پر عزم دکھائی دیتے ہیں۔ بورڈ روم میں اراکین کا رویہ زیادہ تر تعمیراتی خیالات پر منحصر ہوتا ہے۔ بورڈ اراکین کمپنی کے اقدار اور مشن پر اپنی توجہ مرکوز رکھتے ہیں اور اس پر بہت پر عزم دکھائی دیتے ہیں۔ اسٹریٹیجک اور آپریشنل سطح پر بات چیت اور مسائل کو مناسب وقت دیا جاتا ہے۔ ڈائریکٹرز کی اکثریت کے پاس انٹرنیٹ ٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے زیر اہتمام فراہم کردہ ڈائریکٹرز ٹریننگ پروگرام کی سرٹیفیکیشن ہے۔

بورڈ اور کمیٹی کے اجلاسوں میں بورڈ اراکین کی حاضری، 95 فیصد ہدف کے مقابلے میں 97 فیصد رہی اور کمپنی اراکین کی حاضری 100 فیصد تھی۔ ضابطہ اخلاق کی خلاف ورزی کا کوئی واقعہ رونما نہیں ہوا۔ کارکردگی کے مقاصد کا حتمی نتائج سے موازنہ کیا گیا، کوآپریٹو تھی۔ سال کے دوران بورڈ میں ایک تبدیلی ہوئی تھی، جناب سلمان علی شاہ اپنی ذاتی وجوہات کی بنا پر بحیثیت بورڈ رکن مستعفی ہو گئے۔ ان کی جگہ جناب شعیب احمد خان کو بقیہ مدت کے لئے ڈائریکٹر تعینات کیا گیا۔

کمپنی کے مقاصد کو حاصل کرنے میں بورڈ کا کردار نہایت اہم ہے، بورڈ نے اپنے اسٹریٹیجک مقاصد کو حاصل کرنے کے لئے مختصر، درمیانی اور طویل مدتی منصوبے تیار کر رکھے ہیں۔ بورڈ باقاعدگی سے بنیادی خطرات اور ان کو کم کرنے کے عوامل کا جائزہ لیتا رہتا ہے۔ توانائی کے بحران سے نپٹنے اور مسلسل پیداواری سطح کو برقرار رکھنے میں بورڈ کا کردار بہت موثر رہا ہے۔ بورڈ اور اس کی کمیٹیوں کے درمیان تعلقات بہت تعمیل اور پیداواری نوعیت کے ہیں۔ تمام بورڈ ممبران کی شراکت اور کوششیں نہایت اہم رہی ہیں۔ آزاد اور غیر انتظامی ڈائریکٹرز کو موثر فیصلہ سازی کے لئے درکار مہارت اور حمایت باقاعدگی سے فراہم کرتے رہے ہیں۔

مجموعی طور پر، مجھے تسلی ہے کہ ادارے کی طویل مدتی اسٹریٹیجک سمت واضح اور مناسب ہے۔ مزید، مجموعی کارپوریٹ حکمت عملی کو بنانے اور اس کا جائزہ لینے سے متعلق قابل تحسین ہے، جس کی عکاسی ادارے کے موجودہ مالیاتی نتائج اور کارکردگی سے بخوبی ہوتی ہے۔

میں بورڈ کی قیادت کرنے اور ایک ایسے تخلیقی اور کھلے کچھ کو فروغ دینے کیلئے ذمہ دار ہوں گا، جس میں بورڈ اور ڈائریکٹرز مینجمنٹ کے خیالات کو سنا اور سمجھا جائے اور میں اس بات کو یقینی بنانا چاہوں گا، کہ آپ کی کمپنی تمام متعلقہ کوڈ اور قواعد و ضوابط کے ساتھ مطابقت رکھے اور اس بات کو یقینی بنادوں گا کہ انتظامی ٹیم ایسے فیصلے جاری رکھے، جس سے آپ کے لئے مختصر، درمیانی اور طویل مدت میں مزید قدر پیدا ہو۔

آخر میں، میں پچھلے سال کے دوران اپنی انتظامی مینجمنٹ ٹیم کو ان کی صلاحیت اور محنت کی بنیاد پر سراہتا ہوں جنہوں نے جب بھی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کے لئے چلچلدار رہے اور بہترین صلاحیت کا مظاہرہ کیا۔ مزید میں اپنے تمام ملازمین کی کوششوں اور اسٹیک ہولڈرز کے ہم پر اعتماد کا شکریہ ادا کرتا ہوں۔



مرزا جاوید اقبال
بورڈ چیئر مین

لاہور: 20 ستمبر 2019

03

REVIEWS & **REPORTS**

- Additional Management Reviews
- Corporate Governance
- Report Of The Audit Committee

ADDITIONAL MANAGEMENT REVIEWS

Objectives And Strategies

Overall Strategic Objectives

Our ultimate strategic objective is to be a leading participant in the country's long-rolled steel industry by improving our operations continuously, enhancing profitability and creating value addition.

Short, Medium And Long Term Strategic Objectives

Our short-term objective is to improve efficiency of our operations through continuous improvement, cost reduction and workers' training. In medium term, we intend to grow through expansion of our core business by investing in state-of-the-art machinery and improved customer management. Build on short and medium term objectives, we aim to achieve excellence in business and diversify operations through related diversification strategy in the long-term.

Management's Objectives And Strategies In Place For Meeting Those Objectives

The ultimate objective is to ensure achievement of the overall corporate and strategic objectives by becoming the leading Company in the local steel industry, continuously improving our operations and hence enhancing profitability and return to shareholders.

- We strive to supply the best quality products for residential and pioneering infrastructure projects, with zero defects whilst comprehensively meeting our customer's needs.
- We believe, we have been highly successful in achieving our objectives which have been built on a consistent strategy that emphasizes size and scale, backward integration, competitiveness, product diversity, continuous growth in higher value products and a strong customer focus.

- We tend to meet the needs of diverse markets by maintaining high degree of product diversification and seeking opportunities to increase the proportion of our product mix consisting of higher value-added products. The Company produces a broad range of high-quality finished, semi-finished long-rolled steel products.
- We tend to ensure ready access to high-quality and low-cost raw materials through captive sources, long-term contracts and backward integration.
- We ensure efficient use of existing resources to improve productivity and profitability.
- We are strongly committed to exploring new alternative means of energy.
- We continuously strive to revive, refine and implement our human resource policies and Standard Operating Procedures (SOPs).
- We have implemented Total Quality Management (TQM) function that seeks to lower non-conformance costs through active focus on health, safety, environment and operations.
- We tend to achieve zero fatal accidents at our works site. We believe that we can achieve this goal through extensive employee training and initiatives to create a culture of personal involvement and responsibility.
- We work continuously to improve the quality of our products and aim to provide excellent quality to ensure the loyalty of our customers. We search for opportunities in new geographies, products and markets.

Relationship Between Entity's Results And Management's Objectives

Financial and non-financial results are the reflection of achievement of management's objective which are strategically placed to increase the wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm

the achievement. The Company has been successful in penetrating into housing sector market through Mughal Supreme and Girders.

Resource Allocation Plans To Implement The Strategy

The significant resources comprise of financial capital, human capital, manufactured capital, intellectual capital and social and relationship capital.

- We generate our financial capital in the form of surplus arising from the business operations as well as through financing activities, including debt and equity financing. Expansion projects are funded through a mix of debt and equity financing.
- Human Capital is considered to be the Company's most valuable resource, with significant contributions over the years towards its growth. The Company ensures provision of the best employee development programs, health care, safety and market commensurate compensation packages. We hire teams of professionals and technical experts who continuously strive to ensure that our production and control processes and systems are working efficiently and effectively and are constantly being modernized.

Succession Planning

The Company has formulated a firm succession plan which includes performance evaluation and appropriate training requirements for development of potential future leaders. Detail of Succession Planning is available in the Human Resources Management portion of the 'Corporate Governance' Section.

Retirement Benefit Plans

The Company is operating an unfunded gratuity plan for its employees ensuring financial security upon retirement. Detail of retirement benefit funds have been disclosed in note. 22 to the financial statements.

- We continually invest in our plant and machinery.
- Our thrust on innovation and research is of paramount importance for our product development and it also reinforces our operational efficiency and resource optimization drive, while adhering to the Standard Operating Procedures (SOPs). We incorporate customer requirement in our product development. We also collaborate with experts, academia and think tanks for our Research and Development (R&D) efforts.
- Harmonious presence among our neighboring communities bears a testimony to the value we place in community development initiatives, while partnering with them in their growth story.

Key Performance Indicators (KPIs) To Measure Achievement Against Strategic Objectives

Following are some of the key performance indicators against stated objectives of the Company.

S.No.	Objectives	KPI Monitored
1	Modernization of production facilities	Funds allocation
2	Improved capacity utilization	Number of hours run factor
3	Quality	Customer complaints
4	Cost efficiencies	Gross profit margin & Net profit margin
5	Shareholder value	EPS, ROE & Asset turnover
6	Leadership position in market	Market share
7	Sustainability	Current ratio, Gearing and Interest cover
8	Explore alternative energy resources and overcoming energy constraints	Enhancement of grid station load, investments in alternate energy resources.

Management believes that current critical performance measures continue to be relevant in future as well.

ADDITIONAL MANAGEMENT REVIEWS

Strategies To Overcome Liquidity Problems

The management of the Company has years of experience in liquidity management and liquidity management system and tend to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks. The key working capital requirements of the Company are managed through internal liquidity generation sources comprising of sales revenues and external means of financing. Revenue receipts from sales are managed through optimized control of customer credit, in addition to securing advance customer orders and cash sales. Regular forecasting of cash flows and aging analysis are also carried out to maintain an optimum working capital cycle. Operating cash flows are mainly used for repayment of debt firstly.

Analysis Of Liquidity

The aggregate net working capital stood at Rs. 2,657.363 million at the close of June 30, 2019, as compared to Rs. 2,721.857 million in last year decreased by Rs. 64.494 million. Current ratio stood at 1.23 as compared to 1.32. Quick ratio was 0.74 as compared to 0.62 as at June 30, 2019.

Analysis Of Cash Flows

Analysis of cash flows for the year ended June 30, 2019 is presented through the following major liquidity generation activities:

Operating Activities

Net cash generated from operations stood at Rs. 1,011.489 million, as compared to net cash generated from operation at Rs. 932.328 million last year, after adjustment of finance cost of Rs. 566.504 million and income tax payments aggregating to Rs. 196.005 million during the year. The increase was associated with increase in profits and decrease in inventory.

Investing Activities

The Company incurred fixed capital expenditure of Rs. 2,435.378 million during the year as compared to Rs. 2,205.110 million in last year. The investment in fixed capital expenditure was in line with Company's growth plan.

Profit received on term deposit during the year stood at Rs. 5.645 million as compared to Rs. 23.109 million in last year. Consequently, net cash used in investing activities stood at Rs. 2,423.758 million, up by Rs. 243.915 million from last year.

Financing Activities

The Company further obtained long-term financing to the tune of Rs. 2,510.954 million to finance balancing, modernization and replacement (BMR) of bar re-rolling mill and related expansion plans. Further, the Company

obtained to the tune of Rs. 1,491.820 million from banking companies in order to meet working capital requirements.

Consequently, net cash generated from financing activities stood at Rs. 3,223.590 million, as compared to Rs. 159.885 million last year.

Cash And Cash Equivalents At Year End

The Company recorded a net increase in cash and cash equivalents of Rs. 1,811.322 million during 2019, as compared to net decrease in cash and cash equivalents of Rs. 1,087.629 million recorded in cash and cash equivalents last year, which was mainly due to proceeds received through financing.

Financing Arrangements

Long-term financing amounted to Rs. 3,339.954 million against total available facility of Rs. 3,600.000 million. The purpose of financing is balancing, modernization and replacement (BMR) of bar re-rolling mill, procurement and installation of induction furnaces and civil works, if any.

Total short-term loans from banking companies stood at Rs. 9,171.452 million as compared to Rs. 7,540.376 million in last year. Short-term loans from banking companies under Shariah compliant arrangements stood at Rs. 3,439.648 million as compared to Rs. 3,205.598 million in previous year. Short-term loans from banking companies have been availed against

aggregate credit facilities amounting to Rs. 20,896.030 million from various banks, under mark-up / profit arrangements. Out of the total available facilities, Rs. 7,918.854 million remained unavailed as at June 30, 2019. External financing is arranged after extensive cash flow forecasting for working capital, investment or asset acquisition requirements.

Significant Plans & Decisions

Apart from the decision to procure certain fixed assets and postpone the procurement of three furnaces, there were no major plans or decisions which were approved during the year.

Significant Changes In Objectives And Strategies From Previous Period

There is no material change in the Company's objective and strategies from the previous year.

Plans To Manage Repayment Of Debt And Recovery Of Losses

Cash flow projections indicate availability of sufficient funds for timely repayment of long-term and short-term debt liabilities.

ADDITIONAL MANAGEMENT REVIEWS

Description Of Entity's Capital Structure And Its Adequacy

Capital structure represents ordinary share capital and long-term / short-term debts from banking companies. As at June 30, 2019 capital structure comprised of Rs. 2,515.996 million of share capital representing 251.599 million ordinary shares of Rs. 10/- each. Major shareholding is owned by the Directors/Sponsors/Senior Management Officer and their associates with approximately 76.32% equity holding. Total equity as at June 30, 2019 was Rs. 7,503.934 million as compared to Rs. 7,466.333 million as at June 30, 2018. Total long-term financing stood at Rs. 2,808.500 million at close of the year, while, total short-term debt of the Company stood at Rs. 10,533.006 million at close of the year, with a debt / equity ratio of 1.78:1 as compared to 1.16:1 in 2018.

The above indicators provide adequate evidence as to the adequacy of the capital structure for the foreseeable future.

Rationale For Major Capital Expenditure

The announced expansion plans and capital expenditure incurred during the year will enable the Company to achieve cost efficiency and retain its competitive position in the market. This will provide an edge to the Company over its competitors.

Analysis Of Prospects Of The Entity Including Targets For Financial And Non-Financial Measures

Prospects Of The Entity

Efficient use of available resources, modernization of production facilities through technology advancement and innovation, expansion of capacities, development of innovative products, exploration of alternative energy resources, overcome energy constraints, reduction in costs of production and diversification, provide sufficient support to the management's projection of enhanced profitability and return to the members.

Targets For Financial Measures

Various factors and variables were considered and estimated in projecting targets for financial year June 30, 2019. The results of some of these factors can be monitored while for others they can only be improved to some extent. Absolute commitment, continuous evaluation and steady implementation have resulted in achievement of set goals and objectives. This is evident from the fact that despite of prevailing adverse economic and political environment enhanced production levels were achieved and operating targets were met which enabled the Company to increase its turnover.

Targets For Non-Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Maintenance of product quality
- Relationship with customers
- Brand establishment and preference
- Raw material quality
- Employee satisfaction
- Responsibilities towards the society

Responsibility for implementation has been delegated to the management, with continuous monitoring and control by the Board.

Explanation As To Why The Results From Performance Measures Have Changed Over The Period Or How The Indicators Have Changed

Results of performance measures were in line with the targets and there were no material changes.

Entity's Significant Relationships

The Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders through a good harmony, effective communication and customer focused approach because without doing this, we may affect our Company's performance and values of our entity. We follow the best policy to maintain the relationship with our stakeholders which includes satisfaction of customers by providing quality products and timely payments to all creditors.

Capital Market & Market Capitalization

As at June 30, 2019, Pakistan Stock Exchange Limited ("PSX") had a market capitalization of Rs. 6,887.300 billion. The market capitalization of the Company's share stood at Rs. 6,330.247 million as at June 30, 2019. Market price experienced fluctuations between the highest of Rs. 68.00 per share to the lowest of Rs. 24.00 per share since July 01, 2018, mainly due to market psychology, speculative investors and material events occurring during the year. Trading in equity during the year amounted to 157.910 million shares.

CORPORATE GOVERNANCE

Compliance Of The Listed Companies (Code Of Corporate Governance) Regulations, 2017

We are firmly committed to ensuring the highest level of good governance through adoption of best business practices and standards. The Board reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Board is strongly committed to maintain a high standard of good corporate governance.

The Company is fully compliant with all the best practices of Listed Companies (Code of Corporate Governance) Regulations, 2017 as of the date of this report.

Leadership Structure Of Those Charged With Governance

Board Structure

The size and composition of the Board of Directors has been formulated with a view to ensure a balance of executive and non-executive directors, including independent directors with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, including gender, considered relevant in the context of the Company's operations.

The qualification and composition of the Board of Directors has been defined by the regulatory framework, which has been fully implemented by the Company to ensure transparency, good governance and awareness of Board responsibilities for smooth functioning of business operations.

As of the date of this report, the Board consists of nine Directors, effectively representing the interest of shareholders. There are six Non-Executive Directors and three Executive Directors. The Non-Executive Directors include two Independent Directors. The Board comprises of suitably experienced and qualified professionals in order to ensure effective and efficient decision making. Detailed profiles of Directors along with details of other engagements have been stated in the annual report. The status of directorship (independent, executive, non-executive) is indicated in the Directors' report and also in Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by the Company.

During the financial year, one casual vacancy incurred which was duly filled in by the Board of Directors as mentioned in relevant section of this report.

Justification Of Independent Director

With a view to promote effective Corporate Culture and Corporate Governance within the Company, two independent Directors have been performing their fiduciary duties in Board. Moreover, in order to ensure their independence, none of the independent Director:

- has been an employee of the company, any of its subsidiaries or holding company within the last three years;
- is or has been the chief executive officer of subsidiaries, associated company, associated undertaking or holding company in the last three years;
- ha, or has had within the last three years, a material business relationship with the company either directly, or indirectly as a partner, major shareholder or director of a body that has such a relationship with the company;
- has received remuneration in the three years preceding his/her appointment as a director or receives additional remuneration, excluding retirement benefits from the company apart from a director's fee or has participated in the company's stock option or a performance-related pay scheme;
- is a close relative of the company's promoters, directors or major shareholders;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; and
- has served on the board for more than three consecutive terms from the date of his first appointment.

Roles And Responsibilities Of The Board Of Directors And How The Board Operates

The Directors are fully aware of the level of trust entrusted in them by the shareholders for managing the affairs of the Company and safeguarding their interests. Thereby, the Board exercises its powers and carries out its fiduciary duties with a sense of objective judgment and independence in the best interests of the Company.

The Board participates actively in major decisions of the Company including but not limited to appointment of key management, reviewing the annual business plan, approval of

budgets for capital expenditures, investments in new ventures, issuance of shares to raise capital, approval of related party transactions, review of matters recommended / reported by Board committees, review of status of any law suits and report on governance, risk management and compliance issues.

The Board also monitors Company's operations by approval of interim and annual financial statements and dividend, review of internal and external audit observations regarding internal controls and their effectiveness.

For the purpose of ensuring consistency and standardization, the Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department, which continuously monitors adherence to Company policies.

Offices Of The Chairman & Chief Executive Officer

As part of our governance structure, the position of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held separately, with clear division of roles and responsibilities.

Brief Role & Responsibilities Of Chairman & CEO

The Chairman represents the Non-Executive Directors of the Board and is entrusted with the leadership of the Board's proceedings. The Chairman acts as the head of the Board meetings and is responsible for avoidance of conflicts of interests. He has the power to set the agenda, give directions and sign the minutes of the Board meetings. The Chairman is also responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual Directors. The Chairman ensures effective role of the Board in fulfilling all its responsibilities.

The CEO is an Executive Director who also acts as the head of the Company's Management. He is entrusted with responsibility of:

- Safeguarding of Company assets
- Creation of shareholder value
- Identification of potential diversification / investment projects
- Implementation of projects approved by the Board
- Ensuring effective functioning of the internal control system
- Identifying risks and designing mitigation strategies

- Preservation of the Company's image
- Development of human capital and good investors' relations
- Compliance with regulations and best practices

Meetings Of The Board Of Directors

Legally, the Board is required to meet at least once per quarter to monitor the Company's performance aimed at effective and timely accountability of its management. Special meetings may also be called to discuss other important matters on need basis. The Board held four (04) meetings during the year, the notices / agendas of which were circulated least seven (07) days prior to the meetings. Detail of composition of the Board and meetings attended by each member during the year has been provided in the Directors' report. Decisions made by the Board during the meetings were clearly recorded in the minutes of the meetings maintained by the Company Secretary, and were duly circulated to all the Directors for endorsement and were approved in the subsequent Board meetings. Dissenting notes (if any) of all Directors are appropriately appended to the minutes. All meetings of the Board during the year had attendance more than requisite quorum.

All the meetings were attended by the Chief Financial Officer and the Company Secretary. However, they did not attend such part of a meeting, which involved consideration of an agenda item relating to them.

Matters Delegated To Management By The Board

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

Actual Or Perceived Conflict Of Interest Among Board Members

All the Directors exercise their due rights of participation in Board proceedings, which are generally undertaken through consensus. All observations / suggestions raised during Board proceedings are duly recorded for evaluation in addition to description and quantification of any conflict of interest before finalization of the agenda point. The Company has the policy for actual and perceived conflicts of interest which provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist Directors in making the right decisions when confronted with potential conflict of interest issues.

The Directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the inside information. Every Director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested Directors do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arm's-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company. Further, if any director has a conflict of interest therein, the directors ensures that the quorum of the meeting of the board shall not be deemed to be present unless at least two independent directors are also present at such meeting.

Annual Evaluation Of Board Performance And Evaluation Criteria For Board Performance

Corporate governance requires boards to have effective processes and to evaluate their performance and appraise directors at least once a year. The Board of Directors has put in place a mechanism for undertaking annual evaluation of the performance of the Board. The mechanism evaluates as to how the Directors work as a team; what are their interpersonal skills; is the Chairman an effective leader; do all Directors contribute; what is the level of commitment (preparedness, engagement, absenteeism); is the Board objective in acting on behalf of the Company; is it robust in taking and sticking to difficult decisions; are decisions reached by the whole Board; do decisions take account of member's views; are there any "unmanaged"

conflicts of interest etc. When completing the performance evaluation, Board considers the following main performance evaluation process or behavior:

- Has the Board set itself clear performance objectives and how well has it performed against them?
- What has been the whole Board's contribution to the testing and development of strategy?
- What has been the Board's contribution to ensuring robust and effective risk management?
- Is the composition of the Board and its committees appropriate with the right mix of knowledge and skills sufficient to maximize performance in the light of future strategy?
- How has the Board responded to any problems or crises that have emerged and could or should they have been foreseen?
- What is the relationship between the Board and its main committees and between the committees themselves?
- How well does the Board communicate with the management team, Company employees and others? How effectively does it use mechanisms such as the AGM, the business review and the annual report?
- Is the Board as a whole up to date with latest developments in the regulatory environment and the market?
- How has the Board reviewed the adequacy of internal controls including financial controls?

Review Of Chairman Performance And Criteria

The Chairman has the overall responsibility of the board evaluation. However, the performance of Chairman is also evaluated which is linked to both the functioning of the overall board as well as the performance of each Director. The main responsibility for evaluating Chairman's performance rests with Independent Directors who carry out this task with the help of other directors especially keeping in view the following aspects:-

- Has he demonstrated effective leadership qualities?
- Has he managed good relationship with all other members of the board, management and shareholders?
- Are all directors encouraged to participate and raise issues and concerns in board discussions?

- Are conflicts effectively resolved?
- Is constructive debate and effective decision making promoted?
- Is shareholders' confidence in the board promoted?

Review Of CEO Performance And Criteria

The performance of the CEO is regularly evaluated by the Board of Directors. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

Criteria For Evaluation Of CEO Performance

- Has the CEO signed off on and communicated a clear vision, mission, corporate values and strategy to all stakeholders, both internal and external?
- Has the CEO established a clear system of goals and metrics that tie to the vision, mission, values and strategy of the company?
- Is it an effective strategy that leverages the unique strengths of the organization to establish a clear competitive advantage?
- Has the CEO adequately deployed CAPITAL resources?
- Does the CEO know what makes the business work, and can he identify problem areas before they significantly impact performance?
- Has the appropriate and timely decisions are being made in a particular applicable situation?

Formal Orientation At Induction

Each new member of the Board is taken through a detailed orientation process at the time of induction, and is trained extensively for enhancement of management skills.

A formal familiarization program mainly features amongst other things giving briefing relating to the Company's visions and strategies, Company's core competencies, organizational structure and other related parties, major risks both external and internal, including legal and regulatory risks and constraints, role and responsibility of the Director as per the Companies' Act, including Listed Companies (Code of Corporate Governance) Regulations, 2017 and any other regulatory laws applicable in Pakistan along with an overview of the strategic plans, marketing analysis, forecasts, budget and business plans etc.

Directors' Training Program

No training programs were arranged by the Board for its Directors during the year. However, following Directors have certification under the Directors' Training Program (DTP) from the Institute of Chartered Accountants of Pakistan (ICAP):

1. Mirza Javed Iqbal
2. Khurram Javaid
3. Jamshed Iqbal
4. Muhammad Mubeen Tariq Mughal
5. Fazeel Bin Tariq
6. Muhammad Mateen Jamshed

In addition to the above, during the year, Mr. Abdul Rehman Qureshi has availed the exemption from DTP. Accordingly, now 77% of the Board members have DTP certification or exemption.

Board Committees

Audit Committee

Composition Of Audit Committee

The Committee comprises of four non-executive Directors with the Chairman being an Independent Non-Executive Director. The composition of Audit Committee and detail of meetings attended by each member during the year has been provided in the Directors' report.

Salient Features And Terms Of Reference

The Board of Directors has approved the terms of reference of the Audit Committee. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Committee meets at least once every quarter of the financial year.

The Audit Committee is, among other things, responsible for determination of appropriate measures to safeguard the Company's assets, reviewing the quarterly, half yearly and annual accounts prior to their approval by Board of Directors, review of management letter issued by external auditors and management's response thereto, ensuring coordination between the internal and external auditors of the Company, review of preliminary announcements of results prior to publication, reviewing and approving related party transactions, recommending to the Board of Directors the appointment of external auditors and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements, review of the scope and extent of internal audit, audit plan, reporting framework and procedures, ascertain the internal control systems including financial and operational controls, review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and consideration of any other issue or

matter as may be assigned by the Board of Directors. At least once a year, the Audit Committee meets the external auditors without the Chief Financial Officer and the Head of Internal Audit being present. Further, at least once a year, the Audit Committee meets the Head of Internal Audit and other members of the internal audit function without the Chief Financial Officer and the external auditors being present. The Head of Internal Audit and external auditors attend meetings of the Audit Committee at which issues relating to accounts and audit are discussed. Chief Executive Officer and the Chief Financial Officer would not attend any meeting of the Audit Committee except by invitation only. The Head of Internal Audit has been appointed as secretary of the Audit Committee. However, in absence of Head of internal Audit, Company Secretary performs the duties of secretary of Audit Committee. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee.

Human Resource And Remuneration Committee

Composition Of Human Resource And Remuneration Committee

The Human Resource and Remuneration Committee comprises of four Non-Executive Directors with the Chairman being an Independent Non-Executive Director. The composition of Human Resource and Remuneration Committee and detail of meetings attended by each member during the year has been provided in the Directors' report. The Chief Executive Officer, Head of Human Resource or any other advisor or person may attend the meeting only by invitation.

Salient Features And Terms Of Reference

The role of the Human Resources & Remuneration Committee is to assist the Board of Directors in its oversight of the evaluation and approval of the policy framework for

determining remuneration of Directors, employee benefit plans, welfare projects and retirement emoluments. The Committee recommends any adjustments, which are fair and required to attract / retain high caliber staff, for consideration and approval.

The Committee is responsible for:

- Recommending to the Board for consideration and approval a policy framework for determining remuneration of directors and member of senior management;
- Directly undertakes annually a formal process of evaluation of performance of the Board as a whole and its committees.
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit; and
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer.

The Committee meets at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the Chief Executive Officer. The Company Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee. The Company Secretary acts as Secretary of the Committee and submits the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

Evaluation Of Committees' Performance And Criteria

The rationale for the formation of board committee is to enhance the efficiency and to share the work load of the board. The performance of the committees may be evaluated on the basis of the terms of reference of the respective committees.

Following are some of the specific issues/questions are considered in the performance evaluation of committees:

- Are the suggestions and recommendations of committees effective?
- Is size, structure and skill set of committee appropriate?
- Does each committee have adequate and appropriate written terms of reference?
- Are the committees effectively discharging their functions and duties as per terms of reference?
- Is the frequency of committee meetings adequate?
- Are the committee meetings organized properly with appropriate procedures?
- Are the committee meetings conducted in a manner that encourages open communication and meaningful participation of its members?
- How effectively and proactively committees have followed up with their areas of concern?

Issues Raised At Last AGM

During the proceedings of 9th Annual General Meeting of the Company held on October 27, 2018, shareholders applauded financial performance and overall growth of the Company. Further, general clarifications were sought by the members on Company's published financial statements, no significant issue was raised.

Presence Of Chairman Of Audit Committee At The AGM

The Chairman of Audit committee was present in last Annual General Meeting of the Company to answer questions on the Audit Committee's activities and matters within the scope of Audit Committee's responsibilities and have confirmed attendance of the upcoming Annual General Meeting.

Transaction / Trade Of Company's Shares

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children during the financial year 2019 are disclosed in Category of shareholding attached in this Annual Report.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary and certain other employees for whom the Board of Directors will set a threshold. In accordance with the threshold set by the Board of Directors, employees who are drawing annual basic salary of Rs. 1.8 million or more are regarded as Executives

Whistle Blowing Policy

As part of our firm commitment to highest standards of ethical, moral and legal business conduct and in line with our policy towards open communication, we have devised a transparent and effective whistle blowing mechanism for sounding of alerts against deviations from policies, controls, applicable regulations, or violation of the code of professional ethics / conduct. The aim is to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing.

The whistle blowing policy is applicable to all employees, management & the Board and extends to every individual associated with the Company including contractors, suppliers, business partners and shareholders etc., who can participate effectively and in confidentiality, without fear of reprisal or repercussions.

If an employee has a reasonable belief that anyone has engaged in any action that violates any applicable law, or regulation, the employee is required to report concerns directly to immediate supervisors. However, where reporting to supervisors is impracticable, the level may be raised to the senior management. The policy has been designed to encourage all stakeholders to raise questions and concerns, monitor the progress of resultant inquiries, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding.

The policy covers unethical conduct, offence, breach of law or failure to comply with legal obligations and possible fraud / corruption. Due emphasis has also been placed on health, safety and environmental risks. Inappropriate or malicious reporting leading to wrongful convictions have been specifically forbidden, with clear definition of consequences for the persons making wrongful accusations.

No material incidence was reported to the Audit Committee during the year regarding improprieties in financial, operating, legal or other matters.

Human Resource Management

Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork.

The main objectives of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time and offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

The desired results of the succession planning program are to:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other unexpected losses.
- Provide a continuous flow of talented people to meet the organization's management needs.
- Meet the organization's need to exercise social responsibility by providing for the advancement of protected labor groups inside the organization.

Social And Environmental Responsibility Policy

The Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. We are committed to act responsibly towards the community and environment for our mutual benefit.

Our Social and Environmental practices have been elaborated in the section relating to 'Corporate Social Responsibility', with the following distinct features:

- Community investment & welfare schemes
- Rural development programs
- Corporate Social Responsibility
- Environmental protection measures
- Occupational health & safety
- Business ethics & anti-corruption measures
- Consumer protection measures
- Energy conservation
- Industrial relations
- Employment of special persons
- National cause donations
- Contribution to National Exchequer

Investors' Grievances Policy

Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. The Company's Grievances policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

Stakeholders' Engagement Process And Frequency Of Such Engagements

The development of sustained stakeholder relationships is paramount to the performance of any Company. From short-term assessments to long-term strategic relationship building, 'Stakeholders' Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Company.

Below is a list of our stakeholders, why they and their concerns are important and how we engage with each group:

Stakeholder group	Why are they important	Nature of Engagement/How being managed	Frequency
Customers	Provide markets for our products Provide revenue without which the business could not function	Customer services and support Market visits by sales force Customer satisfaction survey	Continuous Continuous Continuous
Employees	Integral to delivery on our strategic objectives Provide skilled labor to produce and market our products Our most important and valued ambassadors	Annual get together Team cultural activities	Annually Occasionally
Government/Regulator	Develop legislation and policies that impact the environment in which we operate Have the ability to grant or revoke licenses necessary to operate	Submission of applicable statutory returns Responding / enquiring various queries / information	Periodic basis As required
Shareholders	We are accountable to shareholders who expect returns on their investments Influence decisions taken by the board	Annual general meeting Annual report / Quarterly reports Analyst meetings	Annually Annually / Quarterly Continuous
Suppliers	Directly influence raw material and other input costs Reliable delivery impacts our ability to deliver customer needs and expectations	Meeting with major suppliers	Occasionally
Bankers	Provide financing for our projects	Business briefing Periodic meetings Financial reporting	Occasionally As required Continuous
Institutional investors, media & analysts	Has the potential to influence public perception and brand reputation	Media announcements and briefings Corporate briefing and analysis	As required As required
Local Communities	Our business has an impact on local communities Social responsibility	Actively participates in various social work initiatives as part of its corporate social responsibility Establishment of trust "Mughal Eye hospital" for wellbeing of society	Continuous Continuous

Investors' Relations Section On Website

Detailed Company information regarding financial highlights, investor information, share pattern/value and other requisite information specified under the relevant regulations, has been placed on the corporate website of the Company, which is updated on regular basis. In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investor Relations' section has also been introduced on our website <http://mughalsteel.com/about/contact-us/>.

Steps Taken To Encourage Minority Shareholders To Attend The General Meeting

The management of the Company believe, encourage and ensure the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the General Meetings and appoint another member as his/her proxy in his/her absence. The notices of General Meetings are circulated by the Company within the regulatory timeframes to the registered addresses of the shareholders (including minority shareholders) as well as it is published in Urdu and English newspapers.

Information Technology

IT Governance Policy

At Mughal Steel we are strongly committed in continuously exploring the prospects of implementing the best and latest IT technologies and infrastructure to enable efficient and timely decision making, in addition to economizing on the costs related to operating and decision making processes.

IT Governance policy consists of the following:

- Providing an organized decision making process around IT investment decisions;
- Promoting governance, transparency, accountability and dialogue about technology that facilitates effective strategy adoption;
- Ensuring compatibility, integration and avoiding redundancy;
- Maximizing return on technology investment through controlled spending;
- Securing the Company's data;
- Keeping the IT function proactive from an innovation perspective, providing ideas to the business; and
- To create a culture of paperless environment within the Company.

Policy For Safety & Security Of Records

Safety and security of IT data / record is ensured through effective implementation of the Company's policy for "Safety of Records" which includes access controls by way of security codes/passwords etc., in addition to establishment of on-site and remote reserve sites to maintain real-time backup of all primary data. All record must be retained for as long as it is required to meet legal, administrative, operational and other requirements of the Company.

Detail Of Companies In Which Executive Directors Of The Company Are Serving As Non-Executive Directors

None of the Executive Directors of the Company are serving as Non-Executive Directors in any other company.

Board's Policy On Diversity

We do not tolerate any type of discrimination prohibited by law, including harassment. We value diversity as an important asset that enhances our culture, helps us satisfy customers well and maximizes return for shareholders. For us to excel, we must create for our people an inclusive environment that welcomes and supports differences and encourages input from all perspectives.

Governance Practices Exceeding Legal Requirements

We have always believed in implementation of effective Governance reporting framework that provides insight information to all stakeholders. In line with this strategy, not only have we complied with all mandatory legal compliances under the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Companies Act 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

a. Other information:

The management reports various other essential information in this annual report which is not required under law.

b. Dispersal of information:

The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

c. Implementations of HSE:

The company has developed and implemented aggressive HSE strategies at its Plants to ensure 100% safety of its people and equipment.

Management's Responsibility Towards The Preparation And Presentation Of Financial Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by the Companies Act, the international Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Statement Of Unreserved Compliance Of International Financial Reporting Standards (IFRS) Issued By International Accounting Standards Board (IASB)

The Company is preparing its statutory Financial Statements in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 including the disclosure requirements of Fourth Schedule of the Companies Act, 2017. In addition to this, relevant notes to the annexed financial statements specify few standards and interpretations which are yet to be effective in Pakistan and have not been early adopted by the Company.

REPORT OF THE AUDIT COMMITTEE

The Board Audit Committee comprises only of Non-Executive Directors with one member qualifying as financially literate. Chairman of the Committee is an Independent Director. Composition of the Audit Committee has been given in the Directors' report section.

- Four meetings of the Audit Committee were held during the financial year ended June 30, 2019 which were presided by the Chairman, Audit Committee.
- The Audit Committee reviewed and recommended for approval the quarterly, half yearly and annual financial statements of the Company prior to their approval by the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
- The Annual Report of the Company is fair, balanced and understandable.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for member's needs.
- The Board has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017" which has also been reviewed and certified by the auditors of the Company.
- The Audit Committee has reviewed and recommended all related party transactions prior to approval by the Board.
- The Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors & Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the pattern of shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to members or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.
- The Company's system of internal control including financial controls is sound in design and is continually evaluated for effectiveness and adequacy.
- The internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board which is independent of the external audit function.
- The internal audit function has carried out its duties under the charter defined by the Committee. The Committee reviews material internal audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Chairman of Audit Committee is an Independent Non-Executive Director.
- The Audit Committee has ensured that statutory and regulatory obligations and requirements of best practices of Governance have been met.
- The external auditors M/s Fazal Mahmood & Co, Chartered Accountants were allowed necessary coordination with internal auditors. Major findings (if any) arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
- The external auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the auditors has thereby been ensured. The auditors attended the Annual General Meeting of the Company held during the year and have confirmed attendance of the upcoming Annual General Meeting scheduled for October 31, 2019 and have indicated their willingness to continue as auditors.
- The Audit Committee reviewed the management letter issued by the external auditors and the management response thereto including all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same. Observations were discussed with the auditors and required actions recorded.
- Self – evaluation of the Audit Committee has been carried out and the results depicts that committee is efficiently and effectively performing all their duties and benefiting the shareholders of the Company. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review, recommended to the Board of Directors re-appointment of Fazal Mahmood & Co., as external auditors for the year ending June 30, 2020, as the firm has thorough knowledge of the Company's business and industry due to long association with the Company.
- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2019 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

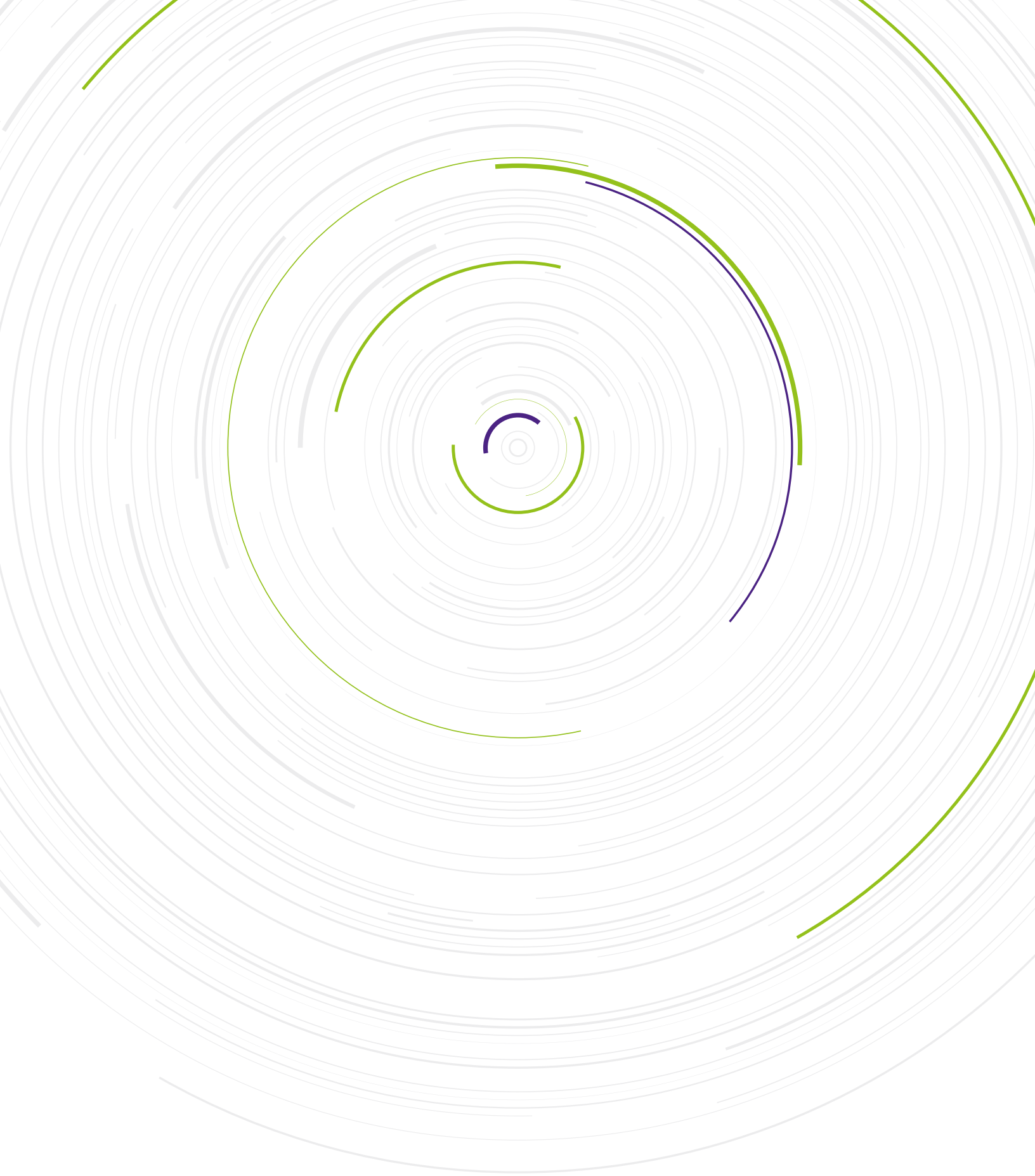
On behalf of the Audit Committee

Sd-

Abdul Rehman Qureshi

Chairman Audit Committee

Lahore: September 20, 2019



04

FINANCIAL HIGHLIGHTS

- Horizontal Analysis
- Vertical Analysis
- Summary Of Statement Of Cash Flows
- Comments On Seven Year Analysis
- Analysis Of Financial Ratios
- Comments On Ratio Analysis
- Dupont Analysis
- Key Operating And Financial Data
- Statement Of Cash Flows- Direct Method
- Results Reported In Interim Financial Statements And Final Accounts
- Free Cash Flows
- Economic Value Added
- Graphical Analysis
- Distribution Of Wealth
- Share Price Sensitivity Analysis

HORIZONTAL ANALYSIS

	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13	2013
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000

Statement of Financial Position

Total equity	7,503,934	0.50	7,466,333	12.49	6,637,098	56.70	4,235,430	24.39	3,404,959	107.03	1,644,679	73.44	948,287
Total non-current liabilities	3,781,257	136.33	1,599,956	148.81	643,053	(61.80)	1,683,226	34.61	1,250,475	(30.90)	1,809,684	20.63	1,500,230
Total current liabilities	11,355,819	35.05	8,408,467	(3.83)	8,743,576	49.17	5,861,637	(13.95)	6,811,927	88.26	3,618,325	138.00	1,520,279
Total equity & liabilities	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293	2.73	11,467,361	62.14	7,072,689	78.21	3,968,796
Total non-current assets	8,627,828	35.99	6,344,432	48.42	4,274,764	8.82	3,928,430	17.12	3,354,165	14.33	2,933,832	19.17	2,461,935
Total current assets	14,013,181	25.90	11,130,324	(5.27)	11,748,963	49.63	7,851,863	(3.22)	8,113,195	96.03	4,138,857	174.67	1,506,861
Total assets	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293	2.73	11,467,361	62.14	7,072,689	78.21	3,968,796

Statement of Profit or Loss

Sales	30,828,089	38.70	22,225,843	18.20	18,802,811	(0.95)	18,983,479	55.08	12,241,272	104.95	5,972,673	52.03	3,928,514
Less: cost of Sales	27,639,095	42.24	19,431,431	15.41	16,837,364	(0.52)	16,924,658	55.06	10,914,917	108.11	5,244,696	47.58	3,553,752
Gross profit	3,188,994	14.12	2,794,412	42.18	1,965,447	(4.54)	2,058,821	55.22	1,326,355	82.20	727,977	94.25	374,762
Less:													
Sales and marketing expenses	201,592	(18.16)	246,333	50.16	164,049	73.19	94,723	53.16	61,847	438.31	11,489	(40.77)	19,397
Administrative expenses	366,852	17.24	312,901	18.04	265,075	27.74	207,515	29.44	160,323	102.58	79,142	1.89	77,675
Other charges	123,487	8.62	113,690	24.32	91,451	5.53	86,658	91.77	45,188	75.29	25,779	318.42	6,161
Impairment loss on trade debts	3,310	98.95	1,664	100.00	-	-	-	-	-	-	-	-	-
Add: other income	(29,999)	(17.50)	(36,364)	7.03	(33,977)	(28.25)	(47,357)	220.50	(14,776)	303.39	(3,663)	(33.75)	(5,529)
	665,242	4.23	638,223	31.16	486,598	42.47	341,540	35.22	252,581	124.02	112,747	15.40	97,704
Profit before interest & taxation	2,523,752	17.05	2,156,188	45.80	1,478,849	(13.88)	1,717,281	59.93	1,073,774	74.53	615,230	122.06	277,058
Less: finance costs	786,328	42.33	552,460	115.34	256,551	(39.64)	425,033	(3.33)	439,678	69.24	259,788	70.61	152,271
Profit before taxation	1,737,423	8.34	1,603,728	31.21	1,222,298	(5.41)	1,292,248	103.79	634,096	78.40	355,442	184.84	124,787
Less: taxation	364,492	16.26	313,513	35.40	231,538	(41.95)	398,836	(1,690.87)	(25,070)	250.58	(7,151)	130.98	(3,096)
Profit for the year	1,372,931	6.41	1,290,215	30.22	990,760	10.90	893,412	35.54	659,166	81.79	362,593	183.53	127,883

VERTICAL ANALYSIS

	2019		2018		2017		2016		2015		2014		2013
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000

Statement of Financial Position

Total equity	7,503,934	33.14	7,466,333	42.73	6,637,098	41.42	4,235,430	35.95	3,404,959	29.69	1,644,679	23.25	948,287
Total non-current liabilities	3,781,257	16.70	1,599,956	9.16	643,053	4.01	1,683,226	14.29	1,250,475	10.90	1,809,684	25.59	1,500,230
Total current liabilities	11,355,819	50.16	8,408,467	48.12	8,743,576	54.57	5,861,637	49.76	6,811,927	59.40	3,618,325	51.16	1,520,279
Total equity & liabilities	22,641,009	100.00	17,474,757	100.00	16,023,727	100.00	11,780,293	100.00	11,467,361	100.00	7,072,689	100.00	3,968,796
Total non-current assets	8,627,828	38.11	6,344,432	36.31	4,274,764	26.68	3,928,430	33.35	3,354,165	29.25	2,933,832	41.48	2,461,935
Total current assets	14,013,181	61.89	11,130,324	63.69	11,748,963	73.32	7,851,863	66.65	8,113,195	70.75	4,138,857	58.52	1,506,861
Total assets	22,641,009	100.00	17,474,757	100.00	16,023,727	100.00	11,780,293	100.00	11,467,361	100.00	7,072,689	100.00	3,968,796

Statement of Profit or Loss

Sales	30,828,089	100.00	22,225,843	100.00	18,802,811	100.00	18,983,479	100.00	12,241,272	100.00	5,972,673	100.00	3,928,514
Less: cost of Sales	27,639,095	89.66	19,431,431	87.43	16,837,364	89.55	16,924,658	89.15	10,914,917	89.16	5,244,696	87.81	3,553,752
Gross profit	3,188,994	10.34	2,794,412	12.57	1,965,447	10.45	2,058,821	10.85	1,326,355	10.84	727,977	12.19	374,762
Sales and marketing expenses	201,592	0.65	246,333	1.11	164,049	0.87	94,723	0.50	61,847	0.51	11,489	0.19	19,397
Administrative expenses	366,852	1.19	312,901	1.41	265,075	1.41	207,515	1.09	160,323	1.31	79,142	1.33	77,675
Other charges	123,487	0.45	113,690	0.59	91,451	0.54	86,658	0.51	45,188	0.41	25,779	0.49	6,161
Impairment loss on trade debts	3,310	0.10	1,664	0.06	-	-	-	-	-	-	-	-	-
Add: other income	(29,999)	(0.10)	(36,364)	(0.16)	(33,977)	(0.18)	(47,357)	(0.25)	(14,776)	(0.12)	(3,663)	(0.06)	(5,529)
	665,242	2.16	638,223	2.87	486,598	2.59	341,540	1.80	252,581	2.06	112,747	1.89	97,704
Profit before interest & taxation	2,523,752	8.19	2,156,188	9.70	1,478,849	7.87	1,717,281	9.05	1,073,774	8.77	615,230	10.30	277,058
Less: finance costs	786,328	2.55	552,460	2.49	256,551	1.36	425,033	2.24	439,678	3.59	259,788	4.35	152,271
Profit before taxation	1,737,423	5.64	1,603,728	7.22	1,222,298	6.50	1,292,248	6.81	634,096	5.18	355,442	5.95	124,787
Less: taxation	364,492	1.18	313,513	1.41	231,538	1.23	398,836	2.10	(25,070)	(0.20)	(7,151)	(0.12)	(3,096)
Profit for the year	1,372,931	4.45	1,290,215	5.81	990,760	5.27	893,412	4.71	659,166	5.38	362,593	6.07	127,883

SUMMARY OF STATEMENT OF CASH FLOWS

	2019	2018	2017	2016	2015	2014	2013
	Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000
Cash generated from / (used in) operations	1,844,467	1,953,568	(756,354)	(4,931)	2,348,439	(1,508,589)	740,876
Net decrease / (increase) in long-term loans to employees	8,008	7,533	1,143	491	(722)	–	–
Net (increase) / decrease in long-term deposits	(585)	(2,587)	–	–	(75)	561	(857)
Net increase in security deposit payable	400	–	–	–	–	–	–
Defined benefits paid	(7,076)	(5,886)	(5,504)	(4,390)	(3,727)	(384)	–
Finance cost paid	(566,504)	(517,684)	(219,433)	(224,401)	(347,323)	(205,149)	(164,327)
Workers' profit participation fund paid	(46,140)	(65,304)	(68,013)	(38,157)	(20,928)	(6,161)	(6,080)
Workers' welfare fund paid	(25,075)	–	–	–	–	–	–
Income tax paid	(196,005)	(437,312)	(224,664)	(305,885)	(260,107)	(116,416)	(63,812)
Net cash (utilized in) / generated from operating activities	1,011,490	932,328	(1,272,826)	(577,272)	1,715,557	(1,836,139)	505,801
Payments for property, plant & equipment	(2,435,378)	(2,205,110)	(473,866)	(678,981)	(514,808)	(518,691)	(640,083)
Proceeds from disposal of tangible fixed assets	5,975	2,159	2,641	6,061	2,610	–	22,407
Profit received on term deposit receipts	5,645	23,109	18,813	18,763	3,755	–	–
Short-term investments - matured / (purchased)	–	–	–	–	–	438	–
Net cash (used in) investing activities	(2,423,758)	(2,179,843)	(452,412)	(654,157)	(508,443)	(518,252)	(617,676)
Long-term financing - net	2,510,954	797,287	(407,496)	(144,457)	(470,177)	637,493	360,578
Short-term loans - net	1,263,797	(473,618)	3,442,287	1,003,447	(907,689)	1,731,792	(251,956)
Proceeds from issuance of ordinary shares	–	–	1,257,998	–	929,900	–	–
Transaction costs	–	–	(12,340)	–	(52,900)	(1,501)	87,417
Dividend paid	(551,160)	(163,784)	(613,166)	(54,401)	–	–	–
Net cash (used in) / generated from financing activities	3,223,591	159,886	3,667,284	804,589	(500,866)	2,367,784	196,039
Net increase / (decrease) in cash and cash equivalents	1,811,322	(1,087,629)	1,942,046	(426,840)	706,248	13,392	84,163
Cash and cash equivalents at the beginning of the year	1,251,171	2,338,801	396,755	823,595	117,346	103,954	19,791
Cash and cash equivalents at the end of the year	3,062,494	1,251,171	2,338,801	396,755	823,595	117,346	103,954

COMMENTS ON SEVEN YEAR ANALYSIS

Comments On Horizontal Analysis

Statement Of Financial Position

Total equity showed an increasing trend from year 2013 onwards due to continuous improvement in profitability of the Company and further injection of equity. However, the increase was after taking into account adjustments for cash dividends paid and amounts transferred from Equity contribution from Directors and their relatives to current liabilities.

Total non-current liabilities showed a mix trend over the years mainly due to fluctuations in the amount of long-term financing availed from time to time. However, since 2018, non-current liabilities significantly increased due to increase in long-term borrowings from banking companies for financing current expansion. Current liabilities showed an increasing trend mainly due to increase in working capital requirements.

Statement Of Profit Or Loss

Turnover increased over the years from 2013 to 2019, due to increase in sales volume as well as sales prices resulting in increase in Gross profit as well.

Finance costs over the years has fluctuated adversely / in adversely due to various reasons. In 2019 the increase was due to significant increase in interest rates and increase in average outstanding short-term loans as a result of increase in working capital requirements.

Profit before taxation improved on account of increased margins and sale revenue.

Profit after taxation increased significantly over the years mainly due to the reasons mentioned above. Reduced tax liabilities as a result of available tax credits also helped to increase the profit after taxation.

Comments On Vertical Analysis

Statement Of Financial Position

Debt: Equity Ratio showed continuous improvement over the years as the Company's equity share was increased over the years due to fresh injection of capital, high year-on-year profits on account of better margins. However, in 2019

debt of the Company increased mainly due to sanction of long term financing from banking companies for expansion projects.

Current assets reduced from 63.69% of the total assets in 2018 to 61.89% in year 2019. Total current liabilities were 50.16% of total equity and liabilities as compared to 48.12% in 2018. Current ratio improved significantly from 0.99 in 2013 to 1.23 in 2019.

Statement Of Profit Or Loss

Gross profit % came out to be 10.34% in year 2019 as compared to 9.54% in 2013. This growth over the years was mainly due to increase in sales prices, effective mix of local and export sales and various cost efficiency measures. However, in 2019 gross margin slightly decreased due to increase in average scrap cost and related manufacturing overheads.

Net profits of the Company increased at a good pace from 3.26% in year 2013 to 4.45% in year 2019, however, the net profit ratios experienced a dip in 2019, mainly as a result of fall in gross margins.

Comments On Cash Flow Statements

Cash flows from operating activities showed a mix trend over the years. In 2019 cash generated from operations amounted to Rs. 1,011.490 million as compared to cash generated from operations amounted to Rs. 932.328 million in 2018, which was mainly due to reduction in payments for income taxes.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented Capex relating to expansion projects. The trend depicts management's strong focus on investing in the Company to fuel its growth and expansion ideology.

Cash flows from financing activities exhibit a mix trend and depends on net cash requirements.

ANALYSIS OF FINANCIAL RATIOS

Ratio Description	UoM	2019	2018	2017	2016	2015	2014	2013
Profitability Ratios								
Gross profit ratio	Percent	10.34%	12.57%	10.45%	10.85%	10.84%	12.19%	9.54%
Net profit to sales ratio	Percent	4.45%	5.81%	5.27%	4.71%	5.38%	6.07%	3.26%
EBITDA margin to sales	Percent	8.68%	10.31%	8.55%	9.58%	9.52%	11.60%	8.37%
Operating leverage ratio	Times	0.44	2.52	14.59	1.09	0.71	2.35	1.80
Return on equity	Percent	18.30%	17.28%	14.93%	21.09%	19.36%	22.05%	13.49%
Return on capital employed	Percent	14.35%	17.24%	16.58%	18.28%	16.60%	12.02%	5.56%
Liquidity Ratios								
Current ratio	Times	1.23	1.32	1.34	1.34	1.19	1.14	0.99
Quick / Acid test ratio	Times	0.74	0.62	0.68	0.57	0.45	0.35	0.59
Cash to current liabilities	Times	0.28	0.15	0.27	0.10	0.07	0.03	0.07
Cash flow from operations to sales	Times	0.03	0.04	(0.07)	(0.03)	0.14	(0.31)	0.13
Activity / Turnover Ratios								
Inventory turnover ratio	Times	5.54	3.63	3.51	3.75	2.91	3.32	7.84
No. of days in Inventory	Days	65.84	100.51	104.08	97.40	125.33	109.83	46.56
Debtor turnover ratio	Times	4.06	10.70	8.02	13.30	12.16	13.50	4.10
No. of days in Receivables	Days	40.61	34.10	45.51	27.44	30.02	27.04	89.05
Creditor turnover ratio	Times	3.94	3.13	3.19	3.34	2.76	3.76	4.86
No. of days in payables	Days	92.70	116.74	114.46	109.13	132.09	97.11	75.16
Total Assets turnover ratio	Times	1.36	1.27	1.17	1.61	1.07	0.84	0.99
Fixed assets turnover ratio	Times	6.26	5.08	4.85	4.87	4.17	2.33	1.63
Operating cycle	Days	13.74	17.87	35.13	15.71	23.26	39.76	60.45
Investment / Market Ratios								
Earnings per share	Rupees	5.46	5.13	4.21	3.80	3.23	2.37	0.83
Price earnings ratio	Times	4.61	12.20	19.18	17.68	17.41	-	-
Price to book ratio	Percent	27.97%	90.15%	126.76%	71.75%	61.70%	0.00%	0.00%
Dividend yield ratio	Percent	9%	4%	3%	4%	1%	-	-
Dividend pay-out ratio	Percent	40%	43%	62%	79%	15%	-	-
Dividend cover ratio	Times	2.48	2.33	1.62	1.27	6.46	-	-
Cash dividend per share	Rupees	1.20	2.20	2.60	3.00	0.50	-	-
Stock dividend per share	Percent	-	-	-	-	15%	-	-
Market value per share								
- Closing	Rupees	25.16	62.57	80.73	67.19	56.24	-	-
- High	Rupees	68.00	79.82	82.00	86.03	69.31	-	-
- Low	Rupees	24.00	43.81	78.06	57.88	35.69	-	-
Break up value per share	Rupees	29.82	29.68	26.38	33.67	31.13	20.05	11.56
Capital structure ratios								
Financial leverage ratio	Times	1.78	1.16	1.21	1.06	1.04	2.81	3.45
Weighted average cost of debt	Percent	7.35%	6.15%	4.02%	5.42%	11.39%	8.93%	10.58%
Long term debt to equity ratio	Times	0.45	0.11	0.00	0.25	0.32	1.10	1.73
Interest cover ratio	Times	3.26	4.18	6.27	8.62	2.86	2.89	1.86

COMMENTS ON RATIO ANALYSIS

Profitability ratios

Profitability ratios depicted mix trend. Sales and profits over the years increased. However, margins in 2019 dropped due to increase in average cost of scrap and related manufacturing overheads.

Liquidity ratios

As sales volume increased over the years, liquidity position of the Company improved and resulted in better cash flows. Therefore, ratios started improving from year 2013 and ended in much better condition in 2019 as compared to year 2013. However, in 2019, current ratio slightly decreased due to increase in borrowings.

Activity / turnover ratios

The ratios depicted an overall mixed trend over the years. However, inventory days and ratios became stable 2015 onwards. Receivables days increased due to increase in outstanding recoveries.

Investment / Market ratios

Increased profitability means increased EPS and this is evident from the figure which has gone up to 5.46 from 5.13 last year. Break-up value per share as at the close of the year was the year to 29.82 due to increased profitability. The market value of the share however closed at 25.16 which was lower than last year.

Capital structure ratios

These ratios have continued to get better since 2013 based on increase in equity, improved results and healthy cash flows, which have helped the Company pay its debts at accelerated rates and the trend is evident this year. However, long-term debt to equity ratio increased due to increase in long-term borrowings.

DUPONT ANALYSIS

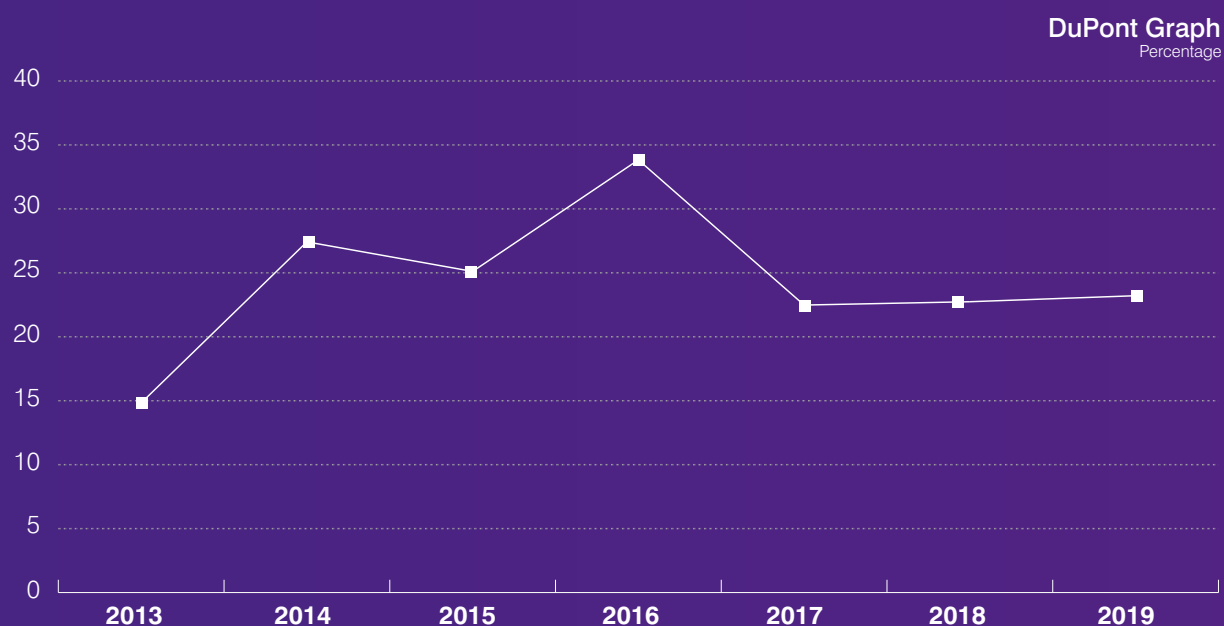
Year	Return on Equity (Equity multiplier x Return on Assets)	Equity Multiplier (Avg Assets / Avg Equity)	Return on Assets	Total Assets Turnover (Sales / Avg Total Assets)	Profit margin (Pre tax profit / Sales)
2019	23.21%	2.68	8.66%	1.54	5.64%
2018	22.74%	2.38	9.57%	1.33	7.22%
2017	22.48%	2.56	8.79%	1.35	6.50%
2016	33.83%	3.04	11.12%	1.63	6.81%
2015	25.11%	3.67	6.84%	1.32	5.18%
2014	27.42%	4.26	6.44%	1.08	5.95%
2013	14.83%	4.76	3.12%	0.98	3.18%

Following Are The Main Dupont Analysis Highlights:

- 1 Operating efficiency of the Company measured in terms of profit margins showed increasing trend mainly due to increase in sales volumes and utilization of low cost raw material. However, the profit margins in 2019 were effected due to increase in average cost of scrap and related manufacturing overheads.
- 2 Total assets turnover of the Company has improved over the years due to increase in revenues as a result of using the Company's resources more efficiently.
- 3 Return on Assets i.e. the combined effect of the above two factors also showed the continuous improvement in profits earned on assets over the years. Decline post 2019 was due to reasons explained above.
- 4 Equity multiplier improved due to better continuous equity improvement on account of better profits over the years.

Conclusion:

Overall DuPont analysis depicts improvement in the overall performance of the Company. From year 2012 to year 2014, return on equity has increased. In year 2016 and onwards, return on equity declined mainly due to expenditure incurred on expansion in process.



KEY OPERATING AND FINANCIAL DATA

	2019	2018	2017	2016	2015	2014	2013
Total mild steel production (Metric tons)							
-Melting	175,187	211,934	116,207	99,657	59,557	46,732	19,845
-Re-rolling	343,407	251,950	241,773	245,675	180,230	112,771	36,443
Sales (Rs. in thousands)							
Local Sales	30,825,154	22,207,995	18,066,885	18,317,200	10,605,375	3,723,039	1,509,445
Export Sales	2,934	17,848	735,926	666,279	1,635,897	2,249,634	2,419,069
Total Sales	30,828,089	22,225,843	18,802,811	18,983,479	12,241,272	5,972,673	3,928,514
Profitability (Rs. in thousands)							
Gross profit	3,188,994	2,794,412	1,965,447	2,058,821	1,326,355	727,977	374,762
Profit before taxation	1,737,423	1,603,728	1,222,298	1,292,248	634,096	355,442	124,787
Profit for the year	1,372,931	1,290,215	990,760	893,412	659,166	362,593	127,883
Financial position (Rs. in thousands)							
Fixed assets	8,584,312	6,304,748	4,250,866	3,908,262	3,285,942	2,865,375	2,417,188
Other non current assets	43,516	39,684	23,898	20,167	20,010	19,008	20,950
Total non current assets	8,627,828	6,344,432	4,274,764	3,928,429	3,305,952	2,884,383	2,438,138
Current assets	14,013,181	11,130,324	11,748,963	7,851,863	8,113,195	4,138,857	1,506,861
Less: current liabilities	11,355,819	8,408,467	8,743,576	5,861,637	6,811,927	3,618,325	1,520,279
Net working capital	2,657,363	2,721,857	3,005,387	1,990,226	1,301,269	520,532	(13,418)
Capital employed	11,285,191	9,066,289	7,280,151	5,918,656	4,655,434	3,454,364	2,448,517
Less: Non current liabilities	3,781,257	1,599,956	643,053	1,683,226	1,250,475	1,809,684	1,500,230
Shareholders equity	7,503,934	7,466,333	6,637,098	4,235,430	3,404,959	1,644,679	948,287
Represented by:							
Share capital	2,515,997	2,515,997	2,515,997	1,257,998	1,093,912	820,412	820,412
Capital reserve	1,419,413	1,419,413	1,419,413	439,413	603,501	319,394	-
Revenue reserve	3,402,691	2,606,886	1,477,651	2,112,329	1,224,519	504,874	127,875
Equity portion of sponsor shareholders loan	-	-	-	425,689	483,027	-	-
Equity contribution from sponsor shareholders	165,833	924,037	1,224,037	-	-	-	-
	7,503,934	7,466,333	6,637,098	4,235,429	3,404,959	1,644,679	948,287

STATEMENT OF CASH FLOWS

DIRECT METHOD

Rupees	2019	2018
Cash flows from operating activities		
Cash receipt from customers	28,787,365,226	22,309,601,537
Cash paid to suppliers and employees	(26,942,898,156)	(20,356,033,746)
Cash generated from operations	1,844,467,070	1,953,567,791
Net decrease in long-term loans to employees	8,007,925	7,533,459
Net Increase in long-term deposits	(585,000)	(2,587,004)
Net increase in security deposit payable	400,000	–
Defined benefits paid	(7,075,928)	(5,885,829)
Finance cost paid	(566,504,023)	(517,684,178)
Workers' profit participation fund paid	(46,140,000)	(65,304,280)
Workers' welfare fund paid	(25,075,124)	–
Income tax paid	(196,005,398)	(437,312,304)
	(832,977,548)	(1,021,240,136)
Net cash generated from operating activities	1,011,489,522	932,327,655
Cash flows from investing activities		
Payments for property, plant & equipment	(2,435,377,700)	(2,205,109,816)
Proceeds from disposal of tangible fixed assets	5,975,255	2,158,500
Profit received on term deposit receipts	5,644,619	23,108,723
Net cash used in investing activities	(2,423,757,826)	(2,179,842,593)
Cash flow from financing activities		
Repayment of long-term financing	–	(31,712,571)
Proceeds from long-term financing	2,510,954,259	829,000,000
Short-term loans from banking companies - net	1,491,820,367	(436,535,304)
Short-term loans from Directors & their relatives - net	(228,023,687)	(37,082,301)
Dividend paid	(551,160,388)	(163,784,311)
Net cash generated from financing activities	3,223,590,551	159,885,513
Net increase / (decrease) in cash and cash equivalents	1,811,322,247	(1,087,629,425)
Cash and cash equivalents at the beginning of the year	1,251,171,472	2,338,800,897
Cash and cash equivalents at the end of the year	3,062,493,719	1,251,171,472

RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim report results						Annual Result	
	September Quarter		December Quarter		March Quarter		Complete year	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Turnover	6,016,398		8,059,880		6,861,743		30,828,089	
Gross profit	733,470	12.19%	881,118	10.93%	821,072	11.97%	3,188,994	10.34%
Net profit before tax	416,360	6.92%	500,760	6.21%	421,337	6.14%	1,737,423	5.64%
Taxation	64,262	1.07%	139,859	1.74%	59,623	0.87%	364,492	1.18%
Net profit after tax	352,098	5.85%	360,902	4.48%	361,713	5.27%	1,372,931	4.45%
Debt: Equity Ratio	975,710	0.12	1,710,103	0.22	2,028,297	0.25	2,808,500	0.37
	7,818,431		7,625,813		7,987,526		7,503,934	
Current ratio	12,495,863	1.24	11,704,704	1.32	12,898,030	1.73	14,013,181	1.23
	10,057,494		8,867,827		7,459,093		11,355,819	

Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

Increased turnover in December and June quarters is linked with seasonality of certain products while June quarter also included effect of increase in sale prices and trading sales which resulted in increased turnover. Gross profit ratio declined quarter on quarter mainly due to gradual increase in average raw-material consumption rates. Variations in gross profits were also linked with re-rolling for others provided in different months. Resultantly, net profit after tax also declined on quarterly basis. Net profit after tax was also effected by increase in finance costs. Current ratio remained consistent quarter on quarter. Debt: Equity ratio increased quarter on quarter due to increase in long-term financing.

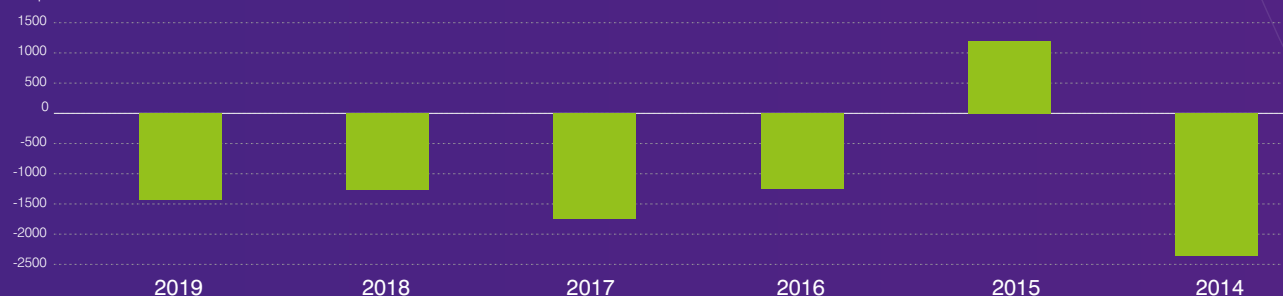
FREE CASH FLOWS

Rupees	2019	2018	2017	2016	2015	2014
Profit before taxation	1,737,423,261	1,603,727,936	1,222,297,788	1,292,247,794	634,095,879	397,630,248
Adjustment of non cash items	1,095,630,341	818,182,472	472,324,785	494,126,589	780,234,754	322,178,116
Working capital changes	(1,821,564,080)	(1,489,582,753)	(2,967,448,156)	(2,363,647,152)	301,226,158	(2,555,947,671)
Net cash (utilized in) / generated from operating activities	1,011,489,522	932,327,655	(1,272,825,583)	(577,272,769)	1,715,556,791	(1,836,139,307)
Capital Expenditure	(2,435,377,700)	(2,205,109,816)	(473,866,042)	(678,980,549)	(514,807,609)	(518,690,869)
Free cash flows	(1,423,888,178)	(1,272,782,161)	(1,746,691,625)	(1,256,253,318)	1,200,749,182	(2,354,830,176)

Graphical Presentation Of Free Cash Flows

Free Cash Flows

Rupees in Millions



Comments On Free Cash Flows

The Company is in the process of expansion and investing huge amounts in terms of capital expenditure i.e. finance through long term debt, resulting in negative free cash flows.

ECONOMIC VALUE **ADDED**

	2019 Rs, in 000's	2018 Rs, in 000's
Net operating profit after tax	1,372,931	1,290,215
Cost of capital	(1,562,070)	(1,262,459)
Economic value added	(189,139)	27,756
Total assets	22,641,009	17,474,757
Current liabilities	(11,355,819)	(8,408,467)
Invested capital	11,285,191	9,066,289
WACC	13.84%	13.92%
Cost of capital	1,562,070	1,262,459

Graphical Presentation Of Economic Value Added

Economic Value Added

Rupees in Thousands

(189,139)

27,756



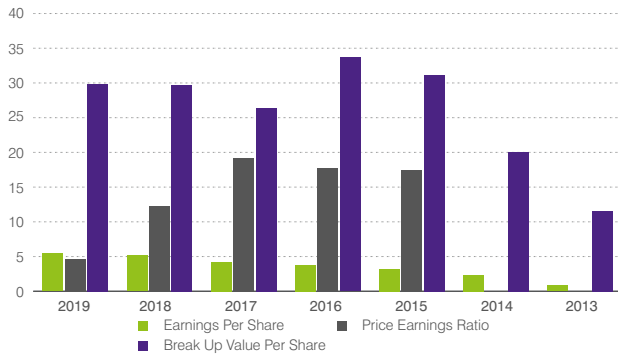
Comments On Economic Value Added

During the year, the Company have had higher cost of equity due to higher dividend payout ratio resulting in increased weighted average cost of equity. Expansion projects have also been undertaken during the year through debt financing resulting in increased cost of debt and weighted average cost of capital. The cumulative effect has resulted in increased negative economic value addition.

GRAPHICAL ANALYSIS

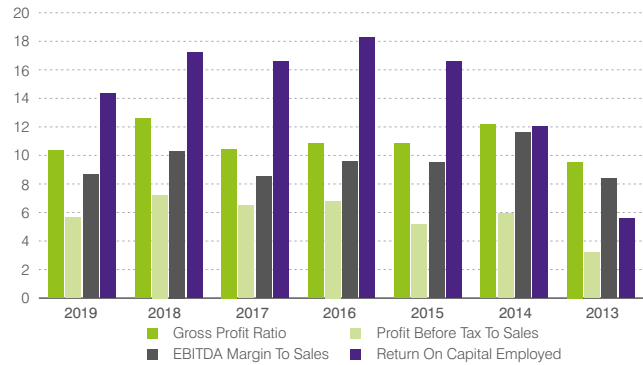
Market Ratios

Rupees



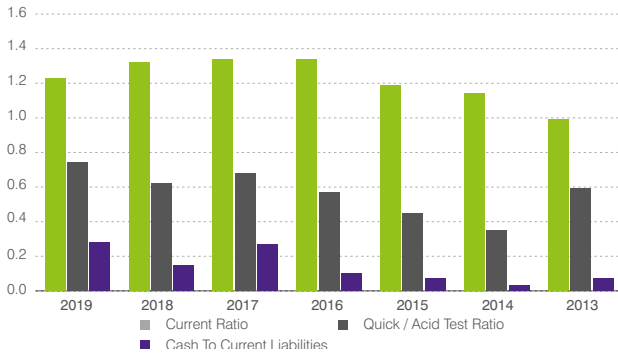
Profitability Ratios

Percentage



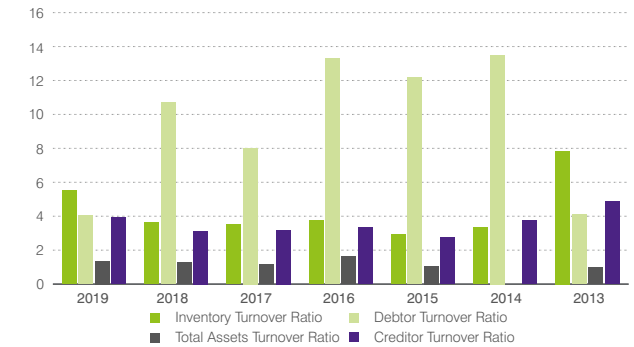
Liquidity Ratios

Times



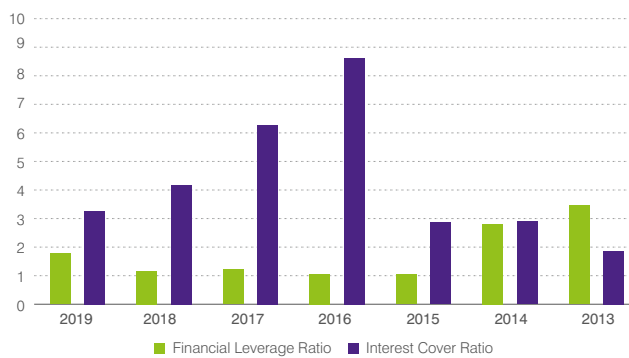
Turnover Ratios

Times



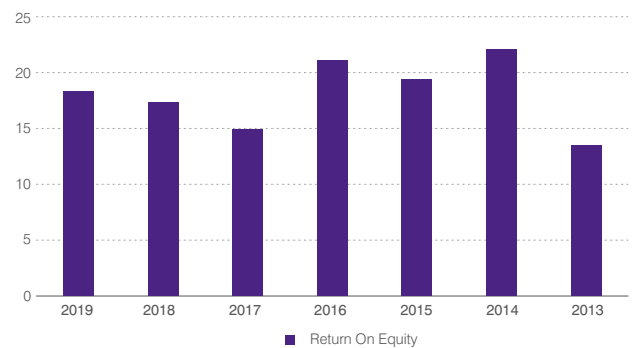
Capital Structure Ratio

Times



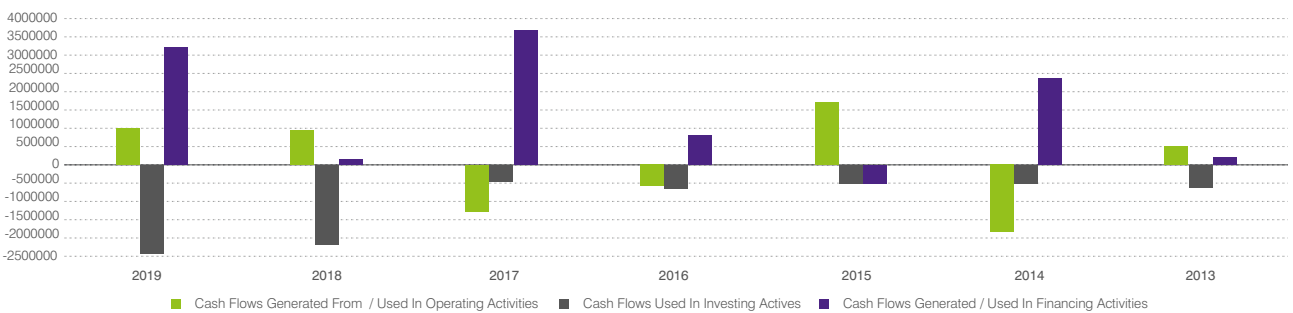
Return On Equity

Percentage



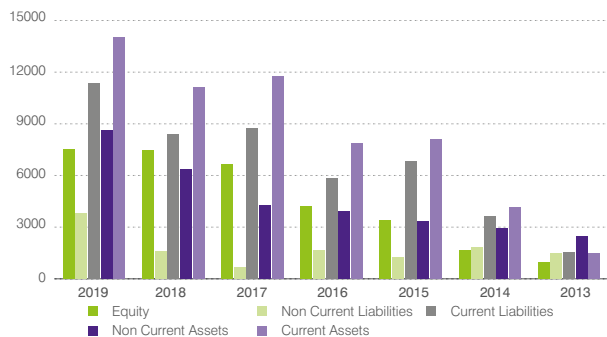
Cash Flows

Rupees in Thousand



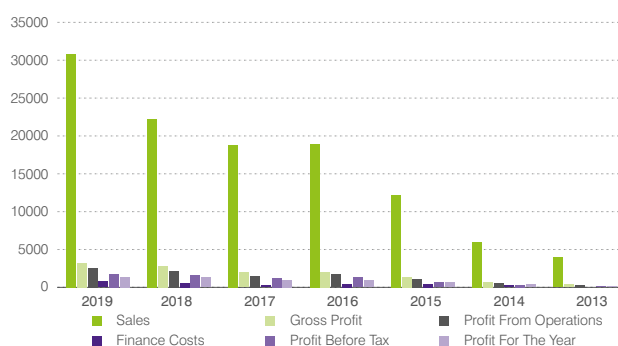
Horizontal Analysis - Statement Of Financial Position

Rupees in thousand

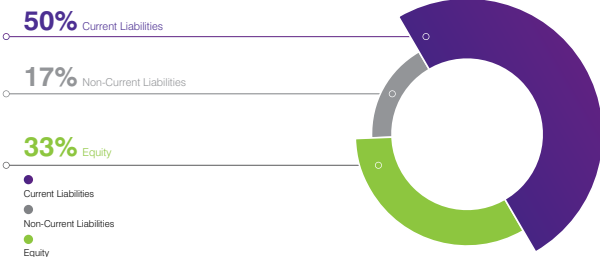


Horizontal Analysis - Statement Of Profit Or Loss

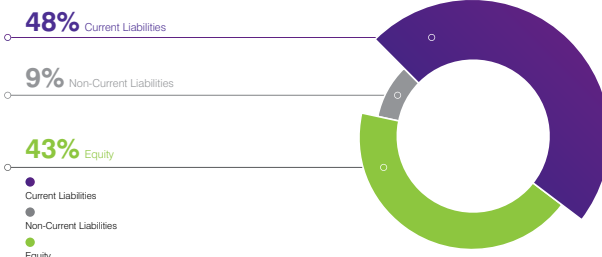
Rupees in thousand



Equity & Liabilities - 2019



Equity & Liabilities - 2018



Assets - 2019

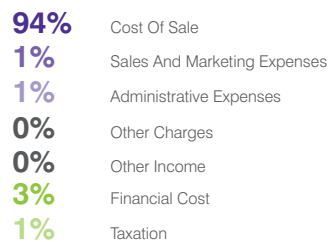


Assets - 2018



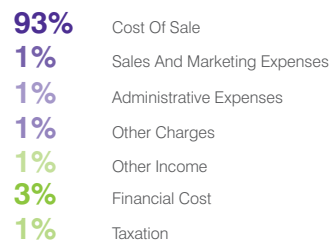
Profit or Loss - 2019

Percentage



Profit or Loss - 2018

Percentage

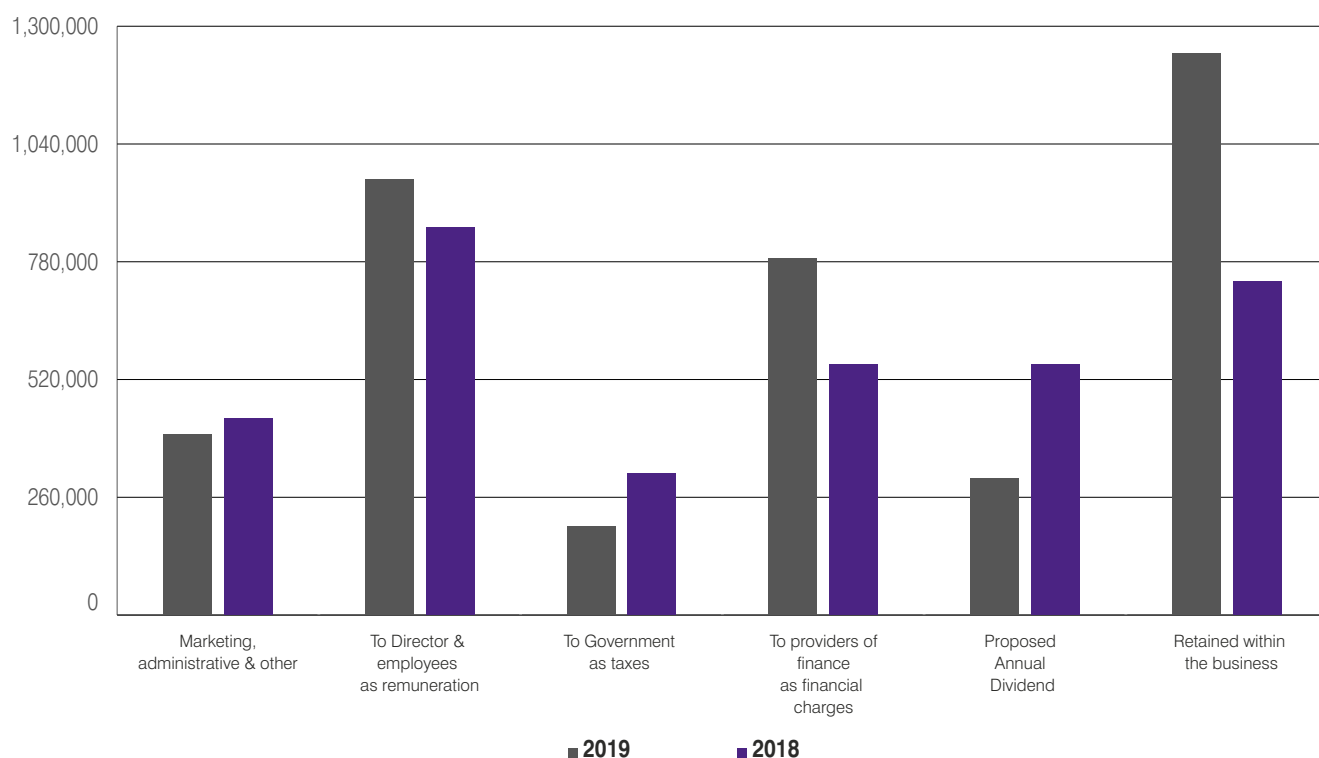


DISTRIBUTION OF WEALTH

	2019		2018	
	Rs. In 000	%	Rs. In 000	%
Wealth Generated				
Sales	30,828,089		22,225,843	
Less: Cost of sales (excluding employees' remuneration)	26,973,584		18,816,838	
Value added	3,854,505		3,409,004	
Other operating income	29,999		36,364	
	3,884,503	100.00	3,445,368	100.00

Distribution Of Wealth				
Marketing, administrative & other expenses	399,578	11.60	432,973	12.57
To Directors & employees as remuneration	961,173	27.90	856,207	24.85
To Government as taxes	196,005	5.69	313,513	9.10
To providers of finance as financial charges	786,328	22.82	552,460	16.03
Proposed annual dividend	301,920	8.76	553,519	16.06
Retained within the business	1,239,498	44.74	736,695	21.38
	3,884,503	100.00	3,445,368	100.00

Wealth Distribution
Rupees in thousands



SHARE PRICE SENSITIVITY ANALYSIS

Following are the major factors which might effect the share price of the Company in the stock exchanges:

1) Increase In Demand:

Variations in demand and selling price of steel may result in increase / decrease in market prices since such variations will directly effect profitability and Earning Per Share (EPS).

2) Increase In Variable Cost:

Any increase in variable cost (Mainly includes Furnace oil, Power and Raw Material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.

3) Increase In Fixed Cost:

Fixed cost which mainly consists of Financial Charges, Marketing expenses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs and increase in inflation happens than net profitability of the company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.

4) Change In Government Policies:

Any change in government policies related to steel sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

05

FINANCIAL STATEMENTS

- Independent Auditor's Review Report
- Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017
- Independent Auditor's Report
- Statement Of Financial Position
- Statement Of Profit Or Loss & Other Comprehensive Income
- Statement Of Changes In Equity
- Statement Of Cash Flows
- Notes To And Forming Part Of The Financial Statements

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF **MUGHAL IRON & STEEL INDUSTRIES LIMITED**

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Mughal Iron & Steel Industries Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

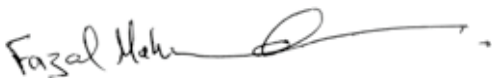
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight the status of compliances as mentioned in the paragraphs 1 and 12 of the Statement of Compliance, which have been complied with subsequent to the year end.



Fazal Mahmood & CO.
Chartered Accountants

Lahore: September 20, 2019

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: Mughal Iron & Steel Industries Limited
Year ended: June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are nine (09) as per the following:
 - a. Male Eight*
 - b. Female Exempted for the current term

*During the year, one casual vacancy occurred in office of Directors due to resignation of Mr. Syed Salman Ali Shah (Independent Director) with effect from May 21, 2019, which was filled within 55 days on July 16, 2019 by appointment of Mr. Shoaib Ahmed Khan as Independent Director for the remaining term.

2. The composition of Board is as follows:
 - a. Independent Directors Mr. Abdul Rehman Qureshi
 - b. Other Non-Executive Directors Mirza Javed Iqbal
Mr. Fazeel Bin Tariq
Mr. Fahad Javaid
Muhammad Mateen Jamshed
 - c. Executive Directors Mr. Khurram Javaid
Muhammad Mubeen Tariq Mughal
Mr. Jamshed Iqbal

* One casual vacancy occurred due to resignation of Independent Director.

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board has not arranged any Directors' training program during the year ended June 30, 2019. The Company is compliant with the section 20(1) of the CCG as more than half of the Directors have either completed the Director's certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 20 of the CCG.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

Audit Committee	Casual vacancy – Chairman *
	Mr. Fazeel Bin Tariq – Member
	Mr. Fahad Javaid – Member
	Muhammad Mateen Jamshed – Member

HR and Remuneration Committee	Mr. Abdul Rehman Qureshi – Chairman
	Mirza Javed Iqbal – Member
	Mr. Fazeel Bin Tariq – Member
	Muhammad Mateen Jamshed – Member

* Mr. Abdul Rehman Qureshi (Independent Director) was appointed as chairman of the audit committee in place of Mr. Syed Salman Ali Shah with effect from July 16, 2019. During the period of casual vacancy no meeting of the committee was held.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

a. Audit Committee	Four quarterly meetings
b. HR and Remuneration Committee	One meeting during the year

15. The Board has set up an effective in-house internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



MIRZA JAVED IQBAL

Chairman

Lahore: September 20, 2019



KHURRAM JAVAID

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss & other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss & other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>The Company's exposure to litigation risk (Refer to note 14 and 30 to the financial statements).</p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.</p> <p>Consequently, the Company has significant litigation cases pending with Custom Authorities, Federal Board of Revenue and Punjab Revenue Authority.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee; A review of the correspondence of the Company with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities; Discussing open matters and developments with the in-house tax/legal department personnel of the Company; We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Company; and Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.

S. No.	Key audit matters	How the matter was addressed in our audit
2	<p>First time adoption of IFRS 9 – Financial Instruments (Refer to note 5.1 to the financial statements).</p> <p>The Company has adopted IFRS 9 with effect from July 01, 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> To review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates; Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose; We checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for 2019 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss & other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran Akhtar.



Fazal Mahmood & CO.
Chartered Accountants

Lahore: September 20, 2019

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

Rupees	Note	2019	2018
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	8,584,311,799	6,304,748,282
Intangible asset	7.	9,381,520	12,268,143
Long-term loans to employees	8.	12,704,229	6,570,659
Long-term deposits	9.	21,430,317	20,845,317
		8,627,827,865	6,344,432,401
CURRENT ASSETS			
Inventories	10.	5,620,331,302	5,916,918,189
Trade debts	11.	3,304,003,346	1,263,279,786
Loans and advances	12.	373,905,875	373,907,586
Deposits, prepayments and other receivables	13.	52,957,817	26,945,193
Due from the government	14.	1,460,233,079	2,298,101,893
Cash and bank balances	15.	3,201,749,851	1,251,171,472
		14,013,181,270	11,130,324,119
		22,641,009,135	17,474,756,520
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	16.	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	17.	2,515,996,500	2,515,996,500
Reserves	18.	4,822,104,763	4,026,299,038
Equity contribution from Directors and their relatives	19.	165,832,548	924,037,217
		7,503,933,811	7,466,332,755
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing	20.	2,808,581,748	829,000,000
Deferred taxation	21.	720,725,124	601,373,754
Defined benefit obligation	22.	218,601,201	150,775,595
Deferred liabilities	23.	33,348,645	18,807,150
		3,781,256,718	1,599,956,499
CURRENT LIABILITIES			
Trade and other payables	24.	496,003,486	463,465,446
Unclaimed dividends		3,037,587	3,303,075
Unpaid dividend	25.	2,624,330	-
Accrued profit / interest / mark-up	26.	321,147,389	101,322,923
Short-term loans from banking companies - secured	27.	9,171,452,321	7,540,375,822
Short-term loans from Directors and their relatives - unsecured	28.	830,180,982	300,000,000
Current portion of long-term financing	29.	531,372,511	-
		11,355,818,606	8,408,467,266
		15,137,075,324	10,008,423,765
		22,641,009,135	17,474,756,520

CONTINGENCIES AND COMMITMENTS

30.

The annexed notes from 1 to 54 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Note	2019	2018
Sales	31.	30,828,088,786	22,225,842,588
Cost of sales	32.	(27,639,095,197)	(19,431,430,949)
GROSS PROFIT		3,188,993,589	2,794,411,639
Sales and marketing expenses	33.	(201,591,683)	(246,333,068)
Administrative expenses	34.	(366,851,773)	(312,900,945)
Other charges	35.	(123,486,662)	(113,689,603)
Impairment loss on trade debts		(3,310,221)	(1,663,874)
Other income	36.	29,998,500	36,364,018
Finance cost	37.	(786,328,489)	(552,460,231)
		(1,451,570,328)	(1,190,683,703)
PROFIT BEFORE TAXATION		1,737,423,261	1,603,727,936
Taxation	38.	(364,492,082)	(313,513,004)
PROFIT FOR THE YEAR		1,372,931,179	1,290,214,932
OTHER COMPREHENSIVE INCOME:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligation		(27,712,063)	(14,113,625)
Related income tax		8,036,498	4,092,951
Other comprehensive loss - net of tax		(19,675,565)	(10,020,674)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,353,255,614	1,280,194,258
EARNINGS PER SHARE - BASIC AND DILUTED	39.	5.46	5.13

The annexed notes from 1 to 54 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Reserves						
	Share capital	Capital reserves		Revenue reserve		Equity contribution from Directors & their relatives	Total equity
		Share premium account	Contingency reserve	Un-appropriated profit	Sub-total		
BALANCE AS AT JUNE 30, 2017	2,515,996,500	439,413,456	980,000,000	1,477,651,114	2,897,064,570	1,224,037,217	6,637,098,287
Final cash dividend paid for the year ended June 30, 2017 @ Rs. 0.60 per ordinary share i.e. 6%.	-	-	-	(150,959,790)	(150,959,790)	-	(150,959,790)
Profit for the year	-	-	-	1,290,214,932	1,290,214,932	-	1,290,214,932
Other comprehensive loss - net of tax	-	-	-	(10,020,674)	(10,020,674)	-	(10,020,674)
Total comprehensive income for the year	-	-	-	1,280,194,258	1,280,194,258	-	1,280,194,258
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	(300,000,000)	(300,000,000)
BALANCE AS AT JUNE 30, 2018	2,515,996,500	439,413,456	980,000,000	2,606,885,582	4,026,299,038	924,037,217	7,466,332,755
Adjustment on initial application of IFRS 9 (note 5.1)	-	-	-	(3,930,659)	(3,930,659)	-	(3,930,659)
BALANCE AS AT JULY 01, 2018 - RESTATED	2,515,996,500	439,413,456	980,000,000	2,602,954,923	4,022,368,379	924,037,217	7,462,402,096
Final cash dividend paid for the year ended June 30, 2018 @ Rs. 2.20 per ordinary share i.e. 22%.	-	-	-	(553,519,230)	(553,519,230)	-	(553,519,230)
Profit for the year	-	-	-	1,372,931,179	1,372,931,179	-	1,372,931,179
Other comprehensive loss - net of tax	-	-	-	(19,675,565)	(19,675,565)	-	(19,675,565)
Total comprehensive income for the year	-	-	-	1,353,255,614	1,353,255,614	-	1,353,255,614
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	(758,204,669)	(758,204,669)
BALANCE AS AT JUNE 30, 2019	2,515,996,500	439,413,456	980,000,000	3,402,691,307	4,822,104,763	165,832,548	7,503,933,811

The annexed notes from 1 to 54 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40.	1,844,467,070	1,953,567,791
Net decrease in long-term loans to employees		8,007,925	7,533,459
Net (increase) in long-term deposits		(585,000)	(2,587,004)
Net increase in security deposit payable		400,000	–
Defined benefits paid		(7,075,928)	(5,885,829)
Finance cost paid		(566,504,023)	(517,684,178)
Workers' profit participation fund paid		(46,140,000)	(65,304,280)
Workers' welfare fund paid		(25,075,124)	–
Income tax paid - net		(196,005,398)	(437,312,304)
Net cash generated from operating activities		1,011,489,522	932,327,655
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(2,435,377,700)	(2,205,109,816)
Proceeds from disposal of tangible fixed assets		5,975,255	2,158,500
Profit received on term deposit receipts		5,644,619	23,108,723
Net cash used in investing activities		(2,423,757,826)	(2,179,842,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		–	(31,712,571)
Proceeds from long-term financing		2,510,954,259	829,000,000
Net proceeds / repayment of short-term loans from banking companies		1,491,820,367	(436,535,304)
Net repayment of short-term loans from Directors & their relatives		(228,023,687)	(37,082,301)
Dividends paid		(551,160,388)	(163,784,311)
Net cash generated from financing activities		3,223,590,551	159,885,513
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,811,322,247	(1,087,629,425)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,251,171,472	2,338,800,897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41.	3,062,493,719	1,251,171,472

The annexed notes from 1 to 54 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. THE COMPANY AND ITS OPERATIONS

Mughal Iron & Steel Industries Limited (the Company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The principal activity of the Company is manufacturing and sale of mild steel products. The Company is domiciled in Lahore.

The geographical locations and addresses of the Company's business units including plants are as follows:

Business unit:	Geographical location / address:
- Registered office	31-A Shadman-1, Lahore
- Manufacturing plants	17-KM Sheikhpura Road, Lahore
- Warehouses	17-KM Sheikhpura Road, Lahore and Badami Bagh, Lahore
- Sales centres	Badami Bagh, Lahore

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the functional currency of the Company.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving significant estimates or judgements are:

- i) Property, plant and equipment (note. 4.1)
- ii) Intangible assets (note. 4.2)
- iii) Impairment (note. 4.1, 4.2 and 4.8)
- iv) Defined benefit plan obligation (note. 4.5)
- v) Taxes and estimation of future export sales for deferred tax calculation (note. 4.6)
- vi) Provisions (note. 4.12)
- vii) Control over associates (note. 4.22)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Tangible fixed assets:

These are stated at cost less accumulated depreciation and accumulated impairment losses, (if any), except freehold land which is stated at cost less accumulated impairment losses (if any). Cost comprises of historical cost, borrowing cost pertaining to the erection period and other directly attributable costs of bringing the assets to its working condition.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates given in note 6.1 to the financial statements to write off the depreciable amount of each asset over its estimated useful life. Depreciation is charged from the date when the asset becomes available for use up to the date of its disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economics benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of a tangible fixed asset is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing is charged to statement of profit or loss.

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss on disposal or de-recognition (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is taken to statement of profit or loss.

Impairment test for tangible fixed assets is performed when there is an indication of impairment. At each period end, an assessment is made to determine whether there is any indication of impairment. If any such indications exist, an estimate of the recoverable amount is calculated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of profit or loss so as to reduce the carrying amount of the asset to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the tangible fixed asset in its present form and its eventual disposal.

An impairment loss is recovered if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

Capital work-in-progress:

These are stated at cost less identified accumulated impairment losses, (if any). All expenditure connected with specific assets incurred and advances made during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are made available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

4.2 Intangible asset

This is stated at cost less accumulated amortisation and impairment losses, (if any). Costs associated with maintaining the asset are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Intangible asset is estimated to have definite useful live and is amortised from the month it is acquired or made available for use, using the straight line method at the rate of 20%. Intangible asset is reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. If any such indications exist, an estimate of the recoverable amount is calculated and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.3 Inventories

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools	at weighted average cost
Raw material	
- Externally purchased	at weighted average cost
- Internally manufactured	at weighted average cost
Finished goods	at estimated manufacturing cost
In-transit	at invoice value plus charges incurred thereon
Wastage	at estimated manufacturing cost

Cost in respect of raw material inventory comprises of following:

- Externally purchased invoice value plus other charges incurred thereon
- Internally manufactured estimated manufacturing cost

Estimated manufacturing cost consists of material, labour and other attributable overheads.

Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Net realizable value of finished goods signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. However, cost of inventories held for use in production of finished goods is not written down below cost, if the finished products for which they will be consumed are expected to be sold at or above cost.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence, if there is any change in usage pattern and / or physical form of related inventory.

4.4 Foreign currency transactions and translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences, (if any) are charged to the statement of profit or loss.

4.5 Employee benefits

Post-employment benefit:

The Company's post employment benefit comprises of a defined benefit plan. The defined benefit plan represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, (if any). The defined benefit obligation is calculated annually by an independent actuary using Projected unit credit (PUC) actuarial cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. Latest valuation was conducted on June 30, 2019. All actuarial gains and losses are recognized in other comprehensive income as they occur.

Following risks are associated with the scheme:

Final salary risk:

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risk:

- a) Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- b) Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Short-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries and other short-term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

4.6 Taxation

The taxation expense for the year comprises current, prior and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, it is recognised in other comprehensive income or directly in equity, as the case may be.

Current:

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, (if any). Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Prior:

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax calculation is based on estimate of future ratio of export and local sales.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.7 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue mainly consists of sale of mild steel products, comprising primarily of "steel re-bars", "girders" and "billets". The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Any discounts or rebates on the contract price are generally allocated to the separate elements, however, no discounts are provided for any product.

The Company's policy relating to rental income is mentioned in note. 4.19.

The Company's policy relating to interest income from financial assets is mentioned in note. 4.20.

4.8 Financial instruments

Recognition and initial measurement:

Trade debts and debt securities issued (if any) are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debt without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement:

Financial assets – Policy applicable from July 01, 2018

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income – equity investment or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies all its financial assets as measured at amortised cost. The classification is made in accordance with the Company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. This classification is only made when the Company's financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and when the contractual cash flows of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company does not hold any debt investments or equity investments.

Financial assets – Policy applicable before July 01, 2018

The Company classified its financial assets as loan and receivables which were measured at amortised cost using effective interest method.

Financial liabilities - No change

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Impairment Policy - applicable from July 01, 2018:

The Company recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI (if any); and
- contract assets (if any).

However, the Company does not have any debt investments or contract assets. Loss allowance for trade debts that do not constitute a financing transaction is always measured at an amount equal to lifetime ECLs. For financial assets (apart from trade debts that do not constitute a financing transaction) whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on these financial asset has

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significantly increased since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities (if any) at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default or being more than 365 days past due; or
- it is probable that the borrower / customer will enter bankruptcy.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

Impairment Policy - applicable before July 01, 2018:

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- indications that a debtor would enter bankruptcy;

The Company considered evidence of impairment for financial assets measured at amortised cost at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

4.9 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, (if any) and subsequently measured at amortized cost.

4.10 Balances from contract with customers

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Trade debts:

Trade debts represent the Company's right to an amount of consideration that is unconditional. Trade debts are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets:

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities:

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

4.12 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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4.14 Borrowings and borrowing costs

Borrowings:

All borrowings are initially recognized at fair value less directly attributable transaction costs. Difference between the fair value and the proceeds of borrowings is recognized as income or expense in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowing costs:

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

4.15 Share capital

Ordinary shares are classified as equity instruments and recognized at their fair value. Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

4.16 Dividend and reserve appropriations

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are approved by the Board of Directors. Any other movements in reserves are recognized in the year in which the appropriations are approved by the Board of Directors.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Information reported to chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of products being delivered. The operations principally comprise of three classes of products namely "steel re-bars", "girders" and "billets". For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment.

4.19 Operating leases

Rentals payable / receivable under operating leases are charged to / recognized in statement of profit or loss on a straight line basis over the term of the relevant lease.

4.20 Finance income and finance costs

Finance income comprises interest income on funds invested in term deposit receipts and saving accounts. Interest income is recognized as it accrues in statement of profit or loss, using effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. The Company's policy relating to borrowing costs is mentioned in note. 4.14. Foreign currency gains and losses are reported on a net basis.

4.21 Loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.22 Control over associates

The management determined whether or not the Company is a parent by assessing whether or not it has control over its associated companies (associates based upon common directorship / shareholding). The assessment is based upon whether the Company has the practical ability to direct the relevant activities of associated companies unilaterally. In making its judgement, the management considers the following:

- power over the associated companies;
- exposure, or rights, to variable returns from its involvement with the associated companies; and
- the ability to use its power over the associated companies to affect the amount of the Company's returns.

The Board of Directors have confirmed that the Company has no involvement in the activities of the associated companies nor is the Company exposed to, or have any rights, to any returns from the associated companies. Based upon its assessment, the management has concluded that the Company does not have control or significant influence over its associated companies and is therefore, not a regarded as "Parent Entity".

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 New standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year, IFRS 15 - Revenue from contracts with customers and IFRS 9 - Financial Instruments became effective and were adopted by the Company. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade debts. The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

New Standard IFRS 9 - Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaced the provisions of IAS 39 - Financial Instruments: Recognition and Measurement that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 - Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the Company's approach was to include the impairment of trade debts in other charges. Consequently, the Company reclassified impairment losses amounting to Rs. 1.663 million, recognised under IAS 39, from other charges to impairment loss on trade receivables in the statement of profit or loss and OCI for the year ended June 30, 2018. Impairment losses on other financial assets (if any) are presented under finance costs, similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

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Additionally, the Company has adopted consequential amendments to IFRS 7 - Financial Instruments: Disclosures, that are applied to disclosures about 2019 but have not been generally applied to comparative information.

(a) Classification and measurement of financial assets and financial liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at July 01, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at July 01, 2018 relates solely to the new impairment requirements.

Rupees		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
	Financial assets:	Loans & receivables	Amortised cost		
	Long-term loans to employees	-do-	-do-	6,570,659	6,570,659
	Long-term deposits	-do-	-do-	20,845,317	20,845,317
	Trade debts	-do-	-do-	1,263,279,786	1,259,349,127
	Loans and advances	-do-	-do-	28,058,616	28,058,616
	Deposits, prepayments and other receivables	-do-	-do-	194,862	194,862
	Cash and bank balances	-do-	-do-	1,251,171,472	1,251,171,472
				2,570,120,712	2,566,190,053

Rupees		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
	Financial liabilities:	Other financial liabilities			
	Long-term financing	-do-		829,000,000	829,000,000
	Trade and other payables	-do-		231,169,350	231,169,350
	Unclaimed dividends	-do-		3,303,075	3,303,075
	Accrued profit / interest / mark-up	-do-		101,322,923	101,322,923
	Short-term loans from banking companies - secured	-do-		7,540,375,822	7,540,375,822
	Short-term loans from Directors and their relatives - unsecured	-do-		300,000,000	300,000,000
				9,005,171,170	9,005,171,170

The above financial assets were previously classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of Rs. 3.931 million in the allowance for impairment over these trade debts was recognised in opening retained earnings as at July 01, 2018 on transition to IFRS 9. However, there has been no change in classification of financial liabilities.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on July 01, 2018.

Rupees	IAS 39 carrying amount as at June 30, 2018	Reclassification	Remeasurement	IFRS 9 Carrying amount as at July 01, 2018
Financial assets				
<i>Amortised cost</i>				
Trade debts				
Brought forward: 'loans and receivables'	1,263,279,786	–	–	–
Remeasurement	–	–	(3,930,659)	–
Carry forward: 'amortised cost'	–	–	–	1,259,349,127
	1,263,279,786	–	(3,930,659)	1,259,349,127

(b) Impairment of financial assets:

IFRS 9 replaces the 'Incurred loss' model in IAS 39 with an 'Expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements as at July 01, 2018 result in an additional allowance for impairment as follows:

	Rupees
Loss allowance as at June 30, 2018 under IAS 39	–
Additional impairment recognised at July 01, 2018 on:	
- Trade debts	3,930,659
Loss allowance as at July 01, 2018 under IFRS 9	3,930,659

Additional information about how the Company measures the allowance for impairment is described in note. 11 and 49.1.

(c) Transition:

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in un-appropriated profit as at July 01, 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

At the date of initial application, assessment has been made for determination of the business model within which a financial asset is held. The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

New Standard IFRS 15 - Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. July 01, 2018). Accordingly, the information presented for 2018 has not been

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restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, except for reclassification of 'Advances from customers' to 'Contract liabilities' (note. 52) in accordance with the presentation requirements, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The Company manufactures and contracts with customers for the sale of various mild steel products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point of time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue, the Company recognised in accordance with the previous standard, IAS 18. Therefore, adoption of IFRS 15 at July 01, 2018, did not have an effect on these financial statements.

In addition to the above, the following interpretations became effective during the year:

New Interpretation IFRIC 22 - Foreign currency transactions

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income was recognised. The Company's accounting treatment is already in line with this interpretation.

New Interpretation - IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 - Income taxes. The interpretation is not likely to have any material impact on Company's financial statements.

Applicability of Amendments to Fourth Schedule of the Companies Act, 2017

Certain amendments have been made to the fourth schedule of the Companies Act, 2017, whereby certain disclosure requirements were reduced. These amendments became effective on these financial statements and have been adopted by the Company. The applicability of these amendments has not resulted in any change in accounting treatments for the Company.

5.2 New standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

Standards, interpretations and amendments to approved accounting standards, which are not yet effective and have not been early adopted by the Company but are considered to be relevant to the financial statements of the Company are detailed below:

New standard - IFRS 16 - Leases

(Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 replaces the previous lease standard: IAS 17 - Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases. The Company has yet to assess the full impact of this standard on its financial statements.

Amendments to IFRS 9 - Financial Instruments - Prepayment Features with Negative Compensation

(Effective for annual periods beginning on or after 1 January 2019)

The amendments cover two accounting areas:

- (a) changes regarding symmetric prepayment options; and

(b) clarification regarding the modification of financial liabilities.

The amendments are not likely to have any material impact on Company's financial statements, other than increased disclosures, (if any).

Amendments to IAS 19 - Employee Benefits - Plan Amendments, Curtailments, and Settlements

(Effective for annual periods beginning on or after 1 January 2019)

The amendments cover the following areas:

(a) If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

(b) In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are not likely to have any material impact on Company's financial statements.

Annual improvements to IFRS 2015-2017 Cycle

(Effective for annual periods beginning on or after 1 January 2019)

The amendment to IAS 12 - Income taxes clarifies that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

The amendment to IAS 23 - Borrowing Costs clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are not likely to have any material impact on Company's financial statements.

New Interpretation - IFRIC 23 — Uncertainty over Income Tax Treatments

(Effective for annual periods beginning on or after 1 January 2019)

The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12 - Income taxes. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not expected to have a material impact on the Company's financial statements.

Rupees	Note	2019	2018
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	4,927,582,733	4,376,855,353
Capital work-in-progress	6.2	3,656,729,066	1,927,892,929
		8,584,311,799	6,304,748,282

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6.1 Reconciliation of carrying amounts of tangible fixed assets at the beginning and end of the year is as follows:

Description	Freehold land	Factory building on freehold land	Plant and machinery	Coal gasification Plant	Power plant	Weighing machine	Office equipment	Grid station and electric installations	Furniture and fittings	Vehicles	Trucks and cranes	Arms and ammunitions	Computers	Office building on leasehold land	Total
Gross carrying value basis															
As at June 30, 2017															
Cost	63,325,863	81,031,978	3,528,875,400	30,463,089	258,281,114	218,434	6,546,986	117,701,604	3,947,902	238,909,743	-	260,693	8,239,844	30,400,000	4,366,202,690
Accumulated depreciation	-	13,574,254	286,898,343	4,947,461	55,987,874	29,853	565,457	26,238,280	1,126,364	78,411,997	-	108,995	5,035,128	16,872,854	488,796,850
Net book Value	63,325,863	67,457,724	3,239,977,057	25,515,628	202,293,240	188,581	5,981,529	91,463,324	2,821,538	160,497,746	-	151,708	3,204,716	14,527,146	3,877,405,840
Net carrying value basis															
Year ended June 30, 2018															
Opening Net book value	63,325,863	67,457,724	3,239,977,057	25,515,628	202,293,240	188,581	5,981,529	91,463,324	2,821,538	160,497,746	-	151,708	3,204,716	14,527,146	3,877,405,840
Additions	-	-	12,400,226	-	-	-	2,905,394	149,093,472	462,250	33,349,162	-	-	3,724,599	-	201,955,103
Transfers from capital work-in-progress	-	-	-	-	434,288,568	-	-	-	-	-	-	-	-	-	434,288,568
Disposals:															
Cost	-	-	-	-	-	-	-	-	-	(2,632,040)	-	-	-	-	(2,632,040)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	697,287	-	-	-	-	697,287
Net book value	-	-	-	-	-	-	-	-	-	(1,934,753)	-	-	-	-	(1,934,753)
Depreciation charge	(2,698,309)	(81,241,959)	(637,891)	(12,165,607)	(4,715)	(4,715)	(624,108)	(6,444,831)	(310,465)	(26,123,713)	-	(16,171)	(1,487,467)	(2,905,429)	(134,659,405)
Balance as at June 30, 2018	63,325,863	64,759,415	3,171,165,714	24,877,737	624,416,201	183,866	8,062,825	234,111,865	2,963,323	165,789,442	-	136,537	5,441,948	11,621,717	4,376,855,353
Depreciation Rate (%)	-	4	2.50	2.50	3.50	2.50	10	5	10	15	15	10	30	30	20
Gross carrying value basis															
As at June 30, 2018															
Cost	63,325,863	81,031,978	3,539,305,656	30,463,089	692,589,682	218,434	9,452,390	266,765,076	4,400,152	289,626,865	-	260,693	11,964,443	30,400,000	4,999,814,321
Accumulated depreciation	-	16,272,563	388,139,942	5,955,352	68,153,481	34,568	1,389,565	32,883,211	1,436,829	103,839,423	-	124,156	6,522,565	18,778,283	622,958,968
Net book Value	63,325,863	64,759,415	3,171,165,714	24,877,737	624,416,201	183,866	8,062,825	234,111,865	2,963,323	165,789,442	-	136,537	5,441,948	11,621,717	4,376,855,353
Net carrying value basis															
Year ended June 30, 2019															
Opening Net book value	63,325,863	64,759,415	3,171,165,714	24,877,737	624,416,201	183,866	8,062,825	234,111,865	2,963,323	165,789,442	-	136,537	5,441,948	11,621,717	4,376,855,353
Additions	-	-	68,516,170	-	-	-	1,609,935	67,543,910	282,169	26,909,545	56,994,350	-	1,011,995	-	222,806,474
Transfers from capital work-in-progress	-	-	483,735,089	-	-	-	-	-	-	-	-	-	-	-	483,735,089
Disposals:															
Cost	-	-	-	-	-	-	-	-	-	(6,777,840)	-	-	-	-	(6,777,840)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	2,010,150	-	-	-	-	2,010,150
Net book value	-	-	-	-	-	-	-	-	-	(4,767,690)	-	-	-	-	(4,767,690)
Depreciation charge	(2,590,377)	(79,971,037)	(621,943)	(21,854,567)	(4,597)	(4,597)	(953,002)	(12,827,440)	(315,275)	(26,206,593)	(16,192,277)	(13,654)	(1,744,989)	(2,324,349)	(151,046,493)
Balance as at June 30, 2019	63,325,863	62,168,008	3,643,444,936	24,255,794	602,561,634	179,269	8,719,758	286,828,335	2,930,217	161,723,704	55,315,073	122,883	4,708,955	9,397,374	4,927,802,733
Depreciation Rate (%)	-	4	2.50	2.50	3.50	2.50	10	5	10	15	15	10	30	30	20
Gross carrying value basis															
As at June 30, 2019															
Cost	63,325,863	81,031,978	4,091,555,915	30,463,089	692,589,682	218,434	11,062,325	334,338,986	4,882,321	289,758,570	55,994,350	260,693	12,975,538	30,400,000	5,699,576,044
Accumulated depreciation	-	18,862,940	448,110,979	6,207,295	90,008,048	39,165	2,342,567	45,510,651	1,752,104	128,034,866	1,619,277	137,810	8,266,983	21,102,626	771,995,311
Net book Value	63,325,863	62,168,008	3,643,444,936	24,255,794	602,561,634	179,269	8,719,758	286,828,335	2,930,217	161,723,704	55,315,073	122,883	4,708,955	9,397,374	4,927,802,733

Rupees	2019	2018
6.1.1	The depreciation charge for the year has been allocated as follows:	
Cost of sales	119,502,892	103,208,223
Administrative expenses	31,543,601	31,651,182
	151,046,493	134,859,405

6.1.2 The Company has temporarily leased out its ferro plant with aggregate cost of Rs. 28.466 million (2018: Rs. 28.466 million) to Mughal Steel Metallurgies Corporation Limited - (related party). The said plant is not currently in possession and control of the Company.

6.1.3 The aggregate fair value of freehold land, factory building on freehold land and plant and machinery is not less than its carrying value. Company's immovable assets comprise of freehold land measuring 118 kannal and 4 marlas and factory building on freehold land measuring approximately 21,780 square foot, both located at 17-KM Sheikhpura Road, Lahore.

6.2 Following is the movement in capital work-in-progress:

Rupees	Opening balance	Additions	Transfers	Closing balance
Tangible:				
- Plant and machinery	1,927,892,929	2,212,571,226	(483,735,089)	3,656,729,066
June 30, 2019	1,927,892,929	2,212,571,226	(483,735,089)	3,656,729,066
June 30, 2018	211,194,687	2,172,769,456	(456,071,214)	1,927,892,929

7. INTANGIBLE ASSET

This represents cost of ERP software implementation. It is being amortised on straight line basis over a period of 60 months.

Rupees	
Gross carrying value basis	
As at June 30, 2017	
Cost	-
Accumulated amortisation	-
Net book value	-
Net carrying value basis	
Year ended June 30, 2018	
Opening net book value	-
Transfers from capital work-in-progress	14,433,110
Amortisation charge	(2,164,967)
Balance as at June 30, 2018	12,268,143

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees

Gross carrying value basis	
As at June 30, 2018	
Cost	14,433,110
Accumulated amortisation	2,164,967
Net book value	12,268,143

Net carrying value basis	
Year ended June 30, 2019	
Opening net book value	12,268,143
Amortisation charge	(2,886,623)
Balance as at June 30, 2019	9,381,520

Gross carrying value basis	
As at June 30, 2019	
Cost	14,433,110
Accumulated amortisation	5,051,590
Net book value	9,381,520

7.1 The amortisation charge for the year has been allocated to administrative expenses.

8. LONG-TERM LOANS TO EMPLOYEES

(Secured & considered good)

These loans have been provided to employees under the terms of their employment, free of interest, to facilitate economical purchase of different kinds of vehicles and house construction etc. and are repayable over a period up to five years from date of disbursement. The loans are secured by registration of the said vehicle in the name of the Company and against security cheques. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2019 (2018: Rs. Nil). The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2019 was Rs. 0.060 million (2018: Rs. 0.270 million).

Rupees	2019	2018
Loans to:		
- Key management personnel	–	60,000
- Executives	9,754,857	3,432,900
- Other employees	14,232,766	5,831,791
	23,987,623	9,324,691
Amounts due within twelve months and shown under current assets:		
- Key management personnel	–	(60,000)
- Executives	(3,966,780)	(1,232,780)
- Other employees	(7,316,614)	(1,461,252)
	(11,283,394)	(2,754,032)
	12,704,229	6,570,659

Rupees	Note	2019	2018
9. LONG-TERM DEPOSITS			
Related parties:	9.1		
- Al-Bashir (Private) Limited		500,000	500,000
- Mughal Steel Metallurgies Corporation Limited		400,000	–
- Indus Engineering (AoP)		200,000	–
		1,100,000	500,000
Others	9.2	20,330,317	20,345,317
		21,430,317	20,845,317

9.1 These are against operating lease arrangements.

9.2 These mainly include deposits with various utility companies.

Rupees	2019	2018
10. INVENTORIES		
Stores, spares and loose tools		
- in-hand	964,734,964	574,624,171
- in-transit	4,625,266	22,573,617
	969,360,230	597,197,788
Raw material		
- in-hand	1,553,471,953	4,765,556,410
- in-transit	1,479,546,548	315,025,659
	3,033,018,501	5,080,582,069
Finished goods	1,617,952,571	239,138,332
	5,620,331,302	5,916,918,189

10.1 All inventories are under hypothecation of commercial banks as security for facilities in respect of short-term loans from banking companies (note. 27.1).

Rupees	Note	2019	2018
11. TRADE DEBTS			
Considered good - unsecured		3,311,244,226	1,263,279,786
Allowance for credit losses	11.3	(7,240,880)	–
		3,304,003,346	1,263,279,786

11.1 The effect of initially applying IFRS 15 (if any) and IFRS 9 is described in note 5.1. Information about the Company's exposure to credit and market risks, and impairment losses for trade debts is included in note 49.

11.2 In determining allowance for credit losses of trade debts, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of trade debts that are due and rates used in the provision matrix.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	2019	2018
11.3 Movement in allowance for credit losses of trade debts is as below:		
Opening balance - As per IAS 39	–	–
Adjustment on initial application of IFRS 9	3,930,659	–
Opening balance - As per IFRS 9	3,930,659	–
Charge for the year	3,310,221	–
Closing balance	7,240,880	–

11.4 Ageing of trade debts and credit risk arising there from is as below:

Rupees	June 30, 2019			
	Credit impaired	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	No	2,474,222,995	–	2,474,222,995
Overdue 31-60	No	229,553,388	–	229,553,388
Overdue 61-90	No	239,512,129	–	239,512,129
Overdue 91-180	No	102,801,699	–	102,801,699
Overdue 181-365	No	71,374,038	(1,427,481)	69,946,557
Greater than 365 overdue	Yes	193,779,977	(5,813,399)	187,966,578
		3,311,244,226	(7,240,880)	3,304,003,346

Loss rates are based on actual credit loss experience over the past years adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts. The management believes that no impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

11.5 No amount was due from associated companies / undertakings or any related party as at June 30, 2019 (2018: Rs. Nil). The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 7.609 million (2018: Rs. 478.347 million).

Rupees	Note	2019	2018
12. LOANS AND ADVANCES			
(Considered good)			
Current portion of long-term loans to employees	8.	11,283,394	2,754,032
Loans and advances to:	12.1		
- Key management personnel		50,000	1,850,000
- Executives		1,839,500	6,709,000
- Other employees		11,160,811	16,745,584
		13,050,311	25,304,584
Advances to suppliers		348,573,822	344,870,390
Advance against expenses		998,348	978,580
		373,905,875	373,907,586

12.1 These represent interest-free loans and advances provided to employees in accordance with Company policy. These are secured against gratuity and are repayable within twelve months. The maximum aggregate amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended June 30, 2019 was Rs. 10.150 million (2018: Rs. 2.490 million). There were no loans and advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2019 (2018: Rs. Nil).

Rupees	Note	2019	2018
13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Letters of credit		3,009,661	2,574,130
Prepayments		3,007,579	9,227,182
Interest accrued on term deposit receipts		9,136,944	194,862
Deposits	13.1	37,803,633	14,949,019
		52,957,817	26,945,193

13.1 These mainly include pay orders issued to Collector of Customs as security against various import consignments.

Rupees	Note	2019	2018
14. DUE FROM THE GOVERNMENT			
Sales tax	14.1	382,034,321	1,139,133,192
Advance income tax - net	14.2	1,024,050,350	1,104,820,293
Export regulatory duty	14.3	54,148,408	54,148,408
		1,460,233,079	2,298,101,893

14.1 This includes Rs. 103.292 million (2018: Rs. 108.455 million) outstanding on account of alleged sales tax liability recovered against order of the Additional Commissioner, Punjab Revenue Authority (PRA) on the basis of non-withholding of sales tax in respect of various taxable services. However, the management and the Company's legal advisor are strongly of the opinion that there was no non-compliance of any provisions of the PRA or rules made thereunder and that the said order and recovery was illegal and violative of the fundamental rights, against the factual position and without the support of law and that the charges therein were based on the misconception of the department. Accordingly, against the said order of the Additional Commissioner, appeal dated May 09, 2018 was filed before the Commissioner (Appeals), whereby the Additional Commissioner was directed to initiate enquiry and address the grievances of the Company. The Additional Commissioner submitted the enquiry report to the Commissioner (Appeals), following which a hearing was been conducted on July 10, 2019, wherein the case was discussed at length. The decision from the Commissioner (Appeals) is currently awaited. The management is rigorously contesting the case and along with the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.

Rupees	2019	2018
14.2 Advance income tax - net		
Opening balance	1,104,820,293	919,631,797
Payments	290,552,372	437,312,304
	1,395,372,665	1,356,944,101
Refunds received	(94,546,974)	-
Adjustments	(276,775,341)	(252,123,808)
Closing balance	1,024,050,350	1,104,820,293

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FOR THE YEAR ENDED JUNE 30, 2019

14.3 Government of Pakistan (GoP) imposed regulatory duty on export of scrap and steel products with the objective to protect the local steel industry. This duty was not applicable in respect of goods manufactured and exported from raw material imported under the Duty and Tax Remission Scheme (DTRE) or in manufacturing bonded warehouses. However, the Company under protest deposited the regulatory duty to clear the export consignments at that time. This fact is also evident from the subsequent withdrawal of duty by Federal Board of Revenue (FBR) from exports made out of finished goods manufactured from raw material imported in manufacturing bonded warehouses or under DTRE regime. The matter is currently pending before the Customs Appellate Tribunal. The management is rigorously contesting the case. The management and legal advisor are of the opinion that the matter would be decided in the favour of the Company.

Rupees	Note	2019	2018
15. CASH AND BANK BALANCES			
Balances with banks in:			
- Current accounts		1,159,106,484	1,088,147,726
- Saving accounts	15.1	195,351,070	116,392,717
- Term deposit receipts	15.2	1,840,260,303	44,112,146
		3,194,717,857	1,248,652,589
Cash in hand		7,031,994	2,518,883
		3,201,749,851	1,251,171,472

15.1 These carried profit up to 11.75% (2018: 5.50%) per annum.

15.2 These carried profit up to 13.90% (2018: 6.50%) per annum.

16. AUTHORIZED SHARE CAPITAL

This represents 300,000,000 (2018: 300,000,000) ordinary shares of Rs. 10/- each.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 251,599,650 (2018: 251,599,650) ordinary shares of Rs. 10/- each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets. Break-up of issued, subscribed and paid-up capital is as follows:

2019		2018		2019		2018	
Number of shares				Rupees			
Shares allotted for consideration							
161,951,535	161,951,535	paid in cash		1,619,515,350	1,619,515,350		
Shares allotted for consideration							
58,579,553	58,579,553	other than cash		585,795,530	585,795,530		
31,068,562	31,068,562	Shares allotted as bonus shares		310,685,620	310,685,620		
251,599,650	251,599,650			2,515,996,500	2,515,996,500		

17.1 These represent shares issued against purchase of business comprising of net assets of Mughal Steel (AoP).

17.2 192.031 million ordinary shares (2018: 189.193 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

Rupees	Note	2019	2018
18. RESERVES			
Capital reserves:			
- Share premium account	18.1	439,413,456	439,413,456
- Contingency reserve	18.2	980,000,000	980,000,000
		1,419,413,456	1,419,413,456
Revenue reserve:			
- Unappropriated profit	18.3	3,402,691,307	2,606,885,582
		4,822,104,763	4,026,299,038

18.1 Share premium account represents premium of Rs. 24/- per share charged on initial public issue of 27,350,000 ordinary shares of Rs. 10/- each in 2015. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in the said section.

18.2 This represents contingency reserve set aside from unappropriated profit for meeting future catastrophic events.

18.3 This represents unappropriated profit.

19. EQUITY CONTRIBUTION FROM DIRECTORS AND THEIR RELATIVES

This represents interest-free and unsecured loan provided by Directors and their relatives in previous years. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity. During the year amount of Rs. 758.205 million (2018: Rs. 300.000 million) was transferred to short-term loans from Directors and their relatives and shall be repayable upon demand.

Rupees	Note	2019	2018
20. LONG-TERM FINANCING			
Bank Alfalah Limited	20.1	1,102,488,193	829,000,000
MCB Islamic Bank Limited	20.2	288,436,400	–
United Bank Limited	20.3	304,761,905	–
Faysal Bank Limited	20.4	412,895,250	–
Askari Bank Limited	20.5	350,000,000	–
Habib Metropolitan Bank Limited	20.6	350,000,000	–
		2,808,581,748	829,000,000

20.1 This represents term finance agreement with Bank Alfalah Limited for total limit of Rs. 1,500.000 million for the purpose of financing balancing, modernization and replacement (BMR) of bar re-rolling mill, procurement and installation of melting furnaces and civil works, against which Rs. 30.016 million remained unavailed as at June 30, 2019. It is repayable in 16 equal quarterly instalments, commencing from September 2019, with the last instalment due in June 2023. It carries mark up @ 6 MK + 0.80% p.a and is secured against 1st Joint Pari Passu charge of Rs. 2,200.000 million on all present and future plant and machinery of the Company with 25% margin and personal guarantees of all Directors except Independant Directors.

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- 20.2** This represents diminishing musharakah facility from MCB Islamic Bank Limited for total limit of Rs. 550.000 million for the purpose of financing already incurred CAPEX and procurement of re-heating furnace, against which Rs. 220.452 million remained unavailed as at June 30, 2019. It is repayable in 16 equal quarterly instalments, commencing from January 2020, with the last instalment due in October 2023. It carries profit @ 3 MK + 0.80% p.a and is secured against 1st Joint Pari Passu charge on all present and future plant and machinery of the Company with 25% margin and against personal guarantees of all Directors except Independent Directors.
- 20.3** This represents demand finance facility from United Bank Limited for total limit of Rs. 400.000 million for the purpose of financing procurement, construction and commissioning of water treatment plant including civil and mechanical works etc., against which Rs. Nil remained unavailed as at June 30, 2019. It is repayable in 21 equal quarterly instalments, commencing from June 2019, with the last instalment due in May 2024. It carries mark up @ 3 MK + 0.80% p.a and is secured against 1st Joint Pari Passu Charge of Rs. 533.340 million on all present and future plant and machinery of the Company with 25% margin and personal guarantees of all Directors except Independent Directors.
- 20.4** This represents diminishing musharaka facility from Faysal Bank Limited (Barkat Islamic Banking) for total limit of Rs. 450.000 million for the purpose of financing plant & machinery, local fabrication & equipment and overall civil works related to BMR of bar mill, against which Rs. 9.578 million remained unavailed as at June 30, 2019. The outstanding principal is repayable in 16 equal quarterly instalments, commencing from May 2020, with the last instalment due in February 2024. It carries mark up @ 3 MK + 0.80% p.a and is secured against 1st Joint Pari Passu Charge of Rs. 600.000 million on all present and future plant and machinery of the Company and personal guarantees of all Directors except Independent Directors.
- 20.5** This represents diminishing musharaka facility from Askari Bank Limited (Islamic banking branch) for total limit of Rs. 350.000 million for the purpose of financing melting furnace, grid station and pusher type melting furnace, against which Rs. Nil million remained unavailed as at June 30, 2019. It is repayable in 16 equal quarterly instalments, commencing from July 2020, with the last instalment due in April 2024. It carries mark up @ 3 MK + 0.90% p.a and is secured against 1st Joint Pari Passu Charge of Rs. 467.000 million on all present and future plant and machinery of the Company and personal guarantees of all Directors except Independent Directors.
- 20.6** This represents diminishing musharaka facility from Habib Metropolitan Bank Limited for total limit of Rs. 350.000 million for the purpose of financing imported machinery, against which Rs. Nil million remained unavailed as at June 30, 2019. It is repayable in 16 equal quarterly instalments, commencing from July 2020, with the last instalment due in April 2024. It carries mark up @ MK + 0.80% p.a and is secured against 1st Joint Pari Passu Charge of Rs. 467.000 million on all present and future plant and machinery of the Company and personal guarantees of all Directors except Independent Directors.

20.7 Movement in long-term financing is as follows:

Rupees	Opening balance	Availed	Repaid	Closing balance	Current portion	Long-term portion
Bank Alfalah Limited	829,000,000	640,984,258	-	1,469,984,258	(367,496,065)	1,102,488,193
MCB Islamic Bank Limited	-	329,548,401	-	329,548,401	(41,112,001)	288,436,400
United Bank Limited	-	400,000,000	-	400,000,000	(95,238,095)	304,761,905
Faysal Bank Limited	-	440,421,600	-	440,421,600	(27,526,350)	412,895,250
Askari Bank Limited	-	350,000,000	-	350,000,000	-	350,000,000
Habib Metropolitan Bank Limited	-	350,000,000	-	350,000,000	-	350,000,000
June 30, 2019	829,000,000	2,510,954,259	-	3,339,954,259	(531,372,511)	2,808,581,748
June 30, 2018	31,712,571	829,000,000	(31,712,571)	829,000,000	-	829,000,000

Rupees	2019	2018
21. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following temporary differences:		
- Accelerated tax depreciation	785,168,518	645,063,565
- Defined benefit obligation	(62,377,230)	(43,689,811)
- Impairment loss on trade debts	(2,066,164)	-
	720,725,124	601,373,754

21.1 Movement in the net deferred tax liability is as follows:

Rupees	Accelerated tax depreciation	Defined benefit obligation	Impairment loss on trade debts	Total
Balance as at June 30, 2017	555,501,936	(29,907,965)	-	525,593,971
Charge / (credited) to:				
- Statement of profit or loss in respect of:				
- Current year	108,078,360	(10,685,827)	-	97,392,533
- Changes in tax rates	(18,516,731)	996,932	-	(17,519,799)
- Other comprehensive income	-	(4,092,951)	-	(4,092,951)
	89,561,629	(13,781,846)	-	75,779,783
Balance as at June 30, 2018	645,063,565	(43,689,811)	-	601,373,754
Charge / (credited) to:				
- Statement of profit or loss in respect of:				
- Current year	140,104,953	(10,650,921)	(2,066,164)	127,387,868
- Other comprehensive income	-	(8,036,498)	-	(8,036,498)
	140,104,953	(18,687,419)	(2,066,164)	119,351,370
Balance as at June 30, 2019	785,168,518	(62,377,230)	(2,066,164)	720,725,124

Rupees	Note	2019	2018
22. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	22.1	218,601,201	150,775,595

22.1 This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 4.5). The latest actuarial valuation was carried out on June 30, 2019 using Projected unit credit (PUC) actuarial cost method by an approved actuary. It includes Rs. 27.807 million (2018: Rs. 19.418 million) on account of present value of defined benefit obligation of key management personnel. The Company does not have any plan assets covering its defined benefit obligation.

Rupees	2019	2018
22.2 Changes in net liability recognized in statement of financial position:		
Opening balance	150,775,595	107,115,418
Expense charged to statement of profit or loss	47,189,471	35,432,381
Remeasurements recognized in other comprehensive income	27,712,063	14,113,625
	225,677,129	156,661,424
Defined benefits paid	(7,075,928)	(5,885,829)
	218,601,201	150,775,595

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Rupees	2019	2018
22.3	Changes in present value of defined benefit obligation:	
Opening value of obligation	150,775,595	107,115,418
Current service cost	34,766,294	28,011,123
Interest cost	12,423,177	7,421,258
Remeasurements of obligation:		
- Actuarial loss from changes in financial assumptions	2,961,555	494,747
- Experience adjustments	24,750,508	13,618,878
Defined benefits paid	(7,075,928)	(5,885,829)
Present value of defined benefit obligation as June 30,	218,601,201	150,775,595
22.4	Expense charged to statement of profit or loss:	
Current service cost	34,766,294	28,011,123
Interest cost	12,423,177	7,421,258
	47,189,471	35,432,381

The expense charged to statement of profit or loss includes Rs. 6.253 million (2018: Rs. 5.873 million) in respect of key management personnel.

Rupees	2019	2018
22.5	Remeasurements charged to other comprehensive income:	
Actuarial loss from changes in financial assumptions	2,961,555	494,747
Experience adjustments	24,750,508	13,618,878
	27,712,063	14,113,625
22.6	Function-wise breakup of expense charged to statement of profit or loss:	
Cost of sales	32,431,345	18,478,687
Sales and marketing expenses	1,050,346	627,266
Administrative expenses	13,707,780	16,326,428
	47,189,471	35,432,381
22.7	Key actuarial assumptions used:	
Discount rate used for interest cost %	9.00%	7.75%
Discount rate used for year end obligation %	14.25%	9.00%
Future salary increased %	13.25%	8.00%
Next salary increase	01-Jul-19	01-Jul-18
Pre-retirement mortality	SLIC 2001-2005 Set back 1 year	
Withdrawal rates	Age based	
Retirement assumption	Age 60	
Actuarial valuation method used	Projected unit credit (PUC) actuarial cost method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2019.

22.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+ - by 100 bps	193,144,056	229,609,640
Salary increase	+ - by 100 bps	230,024,330	192,496,070

There is no significant change in the obligation if the life expectancy increases by 1 year.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Based on actuary's advice, the amount of expected liability in respect of the defined benefit plan in 2019-20 will be Rs. 84.115 million.

The average duration of the defined benefit obligation is 9 years.

22.9 Experience adjustments in respect of defined benefit obligation:

Rupees	2019	2018	2017	2016	2015
	24,750,508	13,618,878	5,712,348	6,820,112	715,048

Rupees	Note	2019	2018
23. DEFERRED LIABILITIES			
Deferred income	23.1	32,948,645	18,807,150
Security deposit payable	23.2	400,000	–
		33,348,645	18,807,150

23.1 This represents unrecognized sale proceeds in respect of long-term loans to employees against vehicles.

23.2 This represents security deposit from Mughal Steel Metallurgies Corporation Limited against rent agreement. The amount has been kept in a separate dedicated bank account.

Rupees	Note	2019	2018
24. TRADE AND OTHER PAYABLES			
Creditors		117,501,458	41,787,325
Accrued liabilities		99,340,066	65,623,060
Utilities payable		119,775,549	123,758,965
Withholding taxes payable		396,983	2,037,099
Contract liabilities (Running account with customers)		36,717,768	117,764,394
Workers' profit participation fund payable	24.1	93,150,257	85,811,127
Workers' welfare fund payable	24.2	29,121,405	26,683,476
		496,003,486	463,465,446

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Note	2019	2018
24.1	Workers' profit participation fund payable:		
	Opening balance	85,811,127	65,304,280
	Allocation for the year	93,150,257	85,811,127
		178,961,384	151,115,407
	Payments	(85,811,127)	(65,304,280)
	Closing balance	93,150,257	85,811,127

24.2	Workers' welfare fund payable:		
	Opening balance	26,683,476	18,483,538
	Allocation for the year	29,121,405	26,683,476
		55,804,881	45,167,014
	Payments	(25,075,124)	(18,483,538)
	Prior year adjustment	(1,608,352)	–
	Closing balance	29,121,405	26,683,476

25. This represents payment of dividend withheld in accordance with Section 243(3) of the Companies Act, 2017.

Rupees	Note	2019	2018
26.	ACCRUED PROFIT / INTEREST / MARK-UP		
	Payable in respect of:		
	- Long-term financing	88,351,143	547,140
	- Short-term loans from banking companies - secured	232,796,246	100,775,783
		321,147,389	101,322,923

27. SHORT-TERM LOANS FROM BANKING COMPANIES - SECURED

	Short-term loans from banking companies comprise of:	27.1		
	- Murabaha finance		2,363,692,875	502,128,525
	- Other short-term loans from:			
	- Islamic banks		1,075,954,861	2,703,469,182
	- Conventional banks		5,592,548,453	4,334,778,115
			6,668,503,314	7,038,247,297
			9,032,196,189	7,540,375,822
	Temporary bank overdraft	27.2	139,256,132	–
			9,171,452,321	7,540,375,822

27.1 Short-term loans have been obtained from various conventional and Islamic banks under mark-up / profit arrangements for meeting various working capital requirements. The aggregate credit facilities available to the Company other than trade credit amounted to Rs. 20,896.030 million (2018: Rs. 19,705.000 million) which represent the aggregate of all facility agreements between the Company and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 7,918.854 million (2018: Rs. 8,429.186 million) remained unavailed as at June 30, 2019. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharika, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and

future current assets of the Company, pledge of stocks, lien over documents and title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favour of banks and personal guarantees of the Directors except for Independent Directors and carry mark-up at the rates ranging from SBP / 1MK / 3MK rate + 0.50% to + 1.00% (2018: SBP / 1MK / 3MK rate + 0.65% to + 1.00%) per annum.

27.2 This represents temporary overdraft due to cheques issued by the Company at the reporting date to be met with subsequent deposits.

28. SHORT-TERM LOANS FROM DIRECTORS AND THEIR RELATIVES - UNSECURED

This represents interest-free and unsecured loan from Directors and their relatives and are repayable upon demand. These loans were provided and utilized for meeting working capital requirements.

Rupees	2019	2018
29. CURRENT PORTION OF LONG-TERM FINANCING		
Bank Alfalah Limited	367,496,065	-
MCB Islamic Bank Limited	41,112,001	-
United Bank Limited	95,238,095	-
Faysal bank limited	27,526,350	-
	531,372,511	-

30. CONTINGENCIES AND COMMITMENTS

Contingencies:

- i)** Writ petition dated May 25, 2016 has been filed before the Honourable Lahore High Court against demand of Rs. 18.324 million raised by the Customs Authorities which was created by treating wastage incurred during manufacturing process of M.S Products as sale of recoverable waste, whereas the contention of the Company was that the wastage was burning loss and not recoverable waste. The Company has temporarily deposited Rs. 4.717 million under protest against the above demand. However, no provision has been made in these financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- ii)** Writ petition dated May 28, 2016 has been filed before the Honourable Lahore High Court against demand of surcharge of Rs. 18.601 million raised by the Customs Authorities. The demand was created on the grounds that the material imported under public bond was not used for manufacturing goods to be exported, although the Company had deposited the applicable duties and taxes before clearance of material from public manufacturing bond for manufacturing and sale locally. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- iii)** The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 and created demand of Rs. 198.484 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However (CIR-A) maintained the order of the ACIR. The Company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which accepted the appeal of the Company. However, the department filed reference dated June 02, 2017 before Honourable Lahore High Court which is pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- iv)** Tax liability amounting to Rs. 18.537 million was created u/s 161/205 of the Income Tax Ordinance, 2001, by the Additional Commissioner Inland Revenue (ACIR) on the basis that the Company had not withheld income tax on certain payments made under different heads of accounts. The said order was set aside by Commissioner Inland Revenue Appeals (CIR-A) and the matter was remanded back to the assessing officer for de novo consideration with direction to provide fair opportunity to the appellant. Against order of (CIR-A), cross appeals were filed before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the matter in favour of the Company, however, the department filed references dated May 29, 2017 and June 06, 2017 before the Honourable Lahore High Court against the order of the ATIR, which are pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- v)** Writ petition dated June 22, 2016 has been filed before the Honourable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The Company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. However, no provision has been made in these financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- vi)** The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order creating demand of Rs. 10.319 million on the basis that the Company had not charged further sales tax on supplies made during 2013 to 2016 to unregistered persons. The Company has filed appeal dated July 07, 2017 before Commissioner Inland Revenue Appeals (CIR-A) on the basis that the adjudicating officer has unlawfully charged further tax by ignoring the fact, that the Company is operating under Chapter XI of Sales Tax Special Procedure Rules, 2007 for payment of sales tax. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- vii)** Writ petition dated August 22, 2016 was filed before the Honourable Lahore High Court against selection of case for audit of the affairs of the Company for tax year 2015 u/s 177(1) of the Income Tax Ordinance, 2001. However, the Honourable Lahore High Court dismissed the petition against which CPLA No. 453-L/2018 dated October 16, 2018 was filed before the Honourable Supreme Court of Pakistan which is pending adjudication. Meanwhile, the Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings and passed an order creating a demand of Rs. 550.515 million against which appeal was filed by the Company before the Commissioner Inland Revenue Appeals (CIR-A) and stay was obtained against recovery proceedings. The said appeal is also pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- viii)** Writ petition dated April 11, 2019 has been filed before the Honourable Lahore High Court against demand of Rs. 60.214 million raised by the Deputy Commissioner Inland Revenue (DCIR) u/s 4B of the Income Tax Ordinance, 2001, whereby, notices were issued and the department was restrained from taking any coercive measures till the date of next hearing. The said writ is pending adjudication. Simultaneously, the Company had also filed appeal before the Commissioner Inland Revenue Appeals (CIR-A) against the said order, which is also pending for adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- ix)** Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 985.442 million (June 2018: Rs. 1,161.359 million).

Rupees		2019	2018
Commitments:			
i)	Non-capital commitments	2,822,527,415	2,374,807,522
ii)	Capital commitments	–	199,271,096
iii)	The amount of future payments under operating leases and the period in which these payments will become due are as follows:		
	Within 1 year	8,527,200	5,750,000
	More than 1 but less than 5 years	13,169,640	6,900,000
		21,696,840	12,650,000

Rupees		2019	2018
31.	SALES		
	Local sales	30,307,149,638	22,247,140,910
	Local trading sales	650,600,672	–
		30,957,750,310	22,247,140,910
	Commission	(6,091,222)	–
	Sales tax	(94,531,767)	–
	Sales return	(31,972,939)	(39,146,066)
		(132,595,928)	(39,146,066)
	Local sales - net	30,825,154,382	22,207,994,844
	Export sales	2,934,404	17,847,744
		30,828,088,786	22,225,842,588

31.1 The entire export sales is made against advance payment.

Rupees	Note	2019	2018
32.	COST OF SALES		
	Opening stock of finished goods	239,138,332	89,710,655
	Cost of goods manufactured		
	- Raw material consumed	22,007,028,711	13,597,288,221
	- Salaries, wages and other benefits	665,511,294	614,592,598
	- Stores, spares and loose tools consumed	921,608,777	919,260,600
	- Fuel and power	4,657,669,642	4,295,938,653
	- Repair and maintenance	32,402,605	54,584,265
	- Other manufacturing expenses	68,143,203	33,792,406
	- Depreciation	119,502,892	103,208,223
		28,471,867,124	19,618,664,966
	Transfer to capital work-in-progress	–	(37,806,340)
	Closing stock of finished goods	(1,617,952,571)	(239,138,332)
	Cost of sales - manufactured goods	27,093,052,885	19,431,430,949
	Cost of sales - trading goods	546,042,312	–
		27,639,095,197	19,431,430,949

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FOR THE YEAR ENDED JUNE 30, 2019

Rupees		2019	2018
32.1	Raw material consumed:		
	Opening stock of raw material	4,765,556,410	2,623,926,979
	Purchases - net	18,794,944,254	15,738,917,652
		23,560,500,664	18,362,844,631
	Closing stock of raw material	(1,553,471,953)	(4,765,556,410)
		22,007,028,711	13,597,288,221

32.2 This includes Rs. 32.431 million (2018: Rs. 18.478 million) in respect of defined benefit obligation.

Rupees	Note	2019	2018	
33.	SALES AND MARKETING EXPENSES			
	Salaries and other benefits	33.1	11,391,107	7,590,260
	Travelling		3,599,760	301,447
	Fee & subscription		131,200	–
	Rent, rates and taxes		90,000	–
	Freight outward		42,677,033	63,858,084
	Advertisement and sales promotion		143,702,583	174,583,277
			201,591,683	246,333,068

33.1 This includes Rs. 1.050 million (2018: Rs. 0.627 million) in respect of defined benefit obligation.

Rupees	Note	2019	2018	
34.	ADMINISTRATIVE EXPENSES			
	Directors' remuneration and benefits	34.1	53,634,672	54,587,682
	Salaries and other benefits	34.1	230,636,351	179,436,590
	Traveling and conveyance		4,286,639	2,274,924
	Postage, telephone and fax		2,548,637	2,522,926
	Printing, stationery and office supplies		4,031,675	4,751,329
	Legal and professional charges		4,893,622	3,119,270
	Entertainment expenses		–	1,632
	Fee and subscription		7,819,931	8,051,849
	Rent, rates and taxes		1,512,000	1,440,000
	Repair and maintenance		3,891,788	5,227,542
	Computers and website maintenance		988,499	1,041,612
	Vehicle running and maintenance		2,786,677	1,692,078
	Utilities		14,552,054	14,394,662
	Insurance		839,004	542,700
	Amortisation	7.	2,886,623	2,164,967
	Depreciation	6.1.1	31,543,601	31,651,182
			366,851,773	312,900,945

34.1 This includes aggregate of Rs. 13.707 million (2018: Rs. 16.326 million) in respect of defined benefit obligation.

Rupees	Note	2019	2018
35. OTHER CHARGES			
Auditors' remuneration	35.1	1,215,000	1,195,000
Workers' profit participation fund		93,150,257	85,811,127
Workers' welfare fund		29,121,405	26,683,476
		123,486,662	113,689,603
35.1 Auditors' remuneration:			
Statutory audit fee		1,000,000	1,000,000
Half yearly review		145,000	125,000
Review report on code of corporate governance & other certifications		50,000	50,000
Out of pocket expenses		20,000	20,000
		1,215,000	1,195,000
36. OTHER INCOME			
Income from financial assets:			
- Profit on saving accounts		9,577,895	13,071,029
- Profit on term deposit receipts		14,586,701	20,669,242
		24,164,596	33,740,271
Income from non-financial assets:			
- Gain on disposal of tangible fixed assets		1,207,565	223,747
- Balances written back		617,987	-
- Workers' welfare fund - prior year		1,608,352	-
- Rental income from related party		2,400,000	2,400,000
		5,833,904	2,623,747
		29,998,500	36,364,018
37. FINANCE COST			
Profit / interest / mark-up in respect of:			
- Long-term financing		-	298,229
- Short-term loans from banking companies		767,463,555	503,324,932
		767,463,555	503,623,161
Exchange loss		3,232,320	2,410,742
Bills discounted		3,865,129	29,263,585
Bank and other charges		11,767,485	17,162,743
		786,328,489	552,460,231

37.1 Borrowing costs capitalized during the year amounted to Rs. 207.872 million (2018: 0.547). The rate of mark-up has been disclosed in note. 20 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	2019	2018
38. TAXATION		
Current year	275,604,585	225,816,127
Prior year	(20,500,371)	7,824,143
	237,104,214	233,640,270
Deferred tax:		
- Origination and reversal of temporary differences	127,387,868	97,392,533
- Impact of change in tax rate	–	(17,519,799)
	127,387,868	79,872,734
	364,492,082	313,513,004

38.1 Relationship between income tax expense and accounting profit:

Rupees	2019	2018
Profit before taxation	1,737,423,261	1,603,727,936
Tax on accounting profit at the applicable tax rate of 29% (2018: 30%)	503,852,746	481,118,381
Tax effect of amounts that are admissible for tax purposes	(152,157,196)	(164,549,419)
Tax effect of amounts that are inadmissible for tax purposes	62,119,621	85,802,361
Tax effect of tax credits / losses / minimum taxes	(217,473,948)	(217,409,933)
Income subject to final and minimum taxation	30,613,134	561,460
Effect of tax u/s 4B	30,650,228	40,293,278
Effect of prior year	(20,500,371)	7,824,143
Tax effect of timing differences	127,387,868	79,872,734
	364,492,082	313,513,004
Average effective rate of tax charged to statement of profit or loss %	21%	20%

38.2 The tax provision is calculated by considering the tax applicable on local, exports and trading income in view of provisions of various sections of Income Tax Ordinance, 2001, after taking to account any adjustments of brought forward tax losses, minimum taxes and tax credits (if any) available under the Income Tax Ordinance, 2001.

38.3 The income tax assessments of the Company have been finalized up to and including the assessment year 2008, except for tax year 2004. Tax returns of subsequent years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001, unless selected for audit by the taxation authorities (note. 30). The Commissioner of income tax may at any time during the period of six years from the end of the tax year to which they relate, may select the deemed assessment order for audit. As at the year end, the Company has filed tax returns up to tax year 2018.

38.4 As per section 5A of the Income Tax Ordinance, 2001 a tax equal to 5 percent of accounting profit for the year will be levied on every public company, other than a scheduled bank and modaraba, if distribution of cash dividend of at least 20 percent of the accounting profit after tax for the year is not made. The Board of Directors in their meeting held on September 20, 2019 has distributed sufficient cash dividend for the year ended June 30, 2019 (note. 51) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements.

Rupees	2019	2018
39. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year	1,372,931,179	1,290,214,932
Weighted average number of ordinary shares	251,599,650	251,599,650
Earnings per share - Basic	5.46	5.13

39.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2019 and 2018.

Rupees	2019	2018
40. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,737,423,261	1,603,727,936
Adjustments:		
Depreciation	151,046,493	134,859,405
Amortisation	2,886,623	2,164,967
Finance cost	786,328,489	552,460,231
Defined benefit charge	47,189,471	35,432,381
Impairment loss on trade debts	3,310,221	1,663,874
(Gain) on disposal of tangible fixed assets	(1,207,565)	(223,747)
Profit on term deposit receipts	(14,586,701)	(20,669,242)
Provision for workers' profit participation fund	93,150,257	85,811,127
Provision for workers' welfare fund - net	27,513,053	26,683,476
	1,095,630,341	818,182,472
Profit before working capital changes	2,833,053,602	2,421,910,408
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets:</i>		
Inventories	296,586,887	(72,371,959)
Trade debts	(2,047,964,440)	82,095,075
Loans and advances	1,711	(84,142,625)
Deposits, prepayments and other receivables	(17,070,542)	28,453,378
Due from the Government	757,098,871	(242,030,830)
	(1,011,347,513)	(287,996,961)
<i>Increase / (Decrease) in current liabilities:</i>		
Trade and other payables	22,760,981	(180,345,656)
	1,844,467,070	1,953,567,791

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Note	2019	2018
41. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Cash and cash equivalents included in the statement of cash flows comprise of the following amounts:			
Cash and bank balances	15.	3,201,749,851	1,251,171,472
Temporary bank overdraft	27.2	(139,256,132)	–
		3,062,493,719	1,251,171,472

Metric ton		2019	2018
42. CAPACITY AND ACTUAL PRODUCTION			
Total active capacity			
- Melting		339,900	340,700
- Re-rolling		446,000	446,000
Actual production			
- Melting		175,187	211,934
- Re-rolling		343,407	251,590

Total active capacity available comprises of currently active mills. Melting production is dependant on availability of surplus load capacity after meeting re-rolling production requirements. Short-fall in actual production is due to electricity and raw material constraints, market demand and due to production of different sizes according to sales mix.

Number		2019	2018
43. NUMBER OF EMPLOYEES			
Number of persons employed as at June 30,			
		1,127	772
Average number of employees during the year			
		950	779

44. RELATED PARTY DISCLOSURE

The Company (“the reporting entity”) in the normal course of business carries out transactions with various related parties (“the entities”). Related parties comprise of entities regarded as related due to common directorship or common management, major shareholders, key management personnel and their close family members (“the relatives”). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity.

Detail of related parties with whom the Company had entered into transactions or had agreements and/or arrangements in place during the year, along with the basis of relationship, percentage of shareholding and details of transactions (other than those which have been disclosed elsewhere in these financial statements) are as follows:

Rupees	2019	2018
Entities		
Mughal Steel Metallurgies Corporation Limited		
Relationship	Common directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Raw material purchases	–	536,307,231
- Re-rolling sales	–	32,285,530
- Billet casting	7,234,900	–
- Rental income	2,400,000	2,400,000
- Rental expense	2,550,000	600,000
Al-Bashir (Private) Limited		
Relationship	Common directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Rental expense	1,512,000	1,440,000
Indus Engineering (AoP)		
Relationship	Common directorship/ management	
Percentage of shareholding	N/A	
Detail of transactions		
- Rental expense	1,200,000	300,000
Major shareholders, key management personnel and their relatives		
Major shareholders, Directors and their relatives		
- Dividend	416,214,403	113,512,959
- Repayment of short-term loan from Directors and their relatives	228,023,687	37,082,301
- Rental expense	90,000	–
Key management personnel (other than Directors) and their relatives		
- Dividend	1,001,990	3,270

There were no outstanding balances with related parties as at the year end except for those which have been disclosed separately in relevant notes. Details of salaries and benefits to key management personnel have been disclosed in note. 45.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

45. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018
Managerial remuneration	12,000,000	12,000,000	26,400,000	26,400,000	43,843,323	51,337,849
Defined benefit charge	579,585	1,033,651	1,275,087	2,274,031	10,341,117	7,685,178
Other benefits	–	–	–	–	37,519,258	20,293,755
	12,579,585	13,033,651	27,675,087	28,674,031	91,703,698	79,316,782
Number of persons	1	1	2	2	27	25

45.1 Four Non-Executive Directors including the Chairman, were paid remuneration aggregating to Rs. 13.380 million (2018: Rs. 12.880 million) with view of encouraging retention and value creation within the Company.

45.2 Executives include aggregate amount in respect of salary and benefits to 3 (2018: 3) key management personnel (other than Directors) amounting to Rs. 33.403 million (2018: Rs. 24.837 million).

45.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 0.750 million (2018: 0.500 million) on account of meeting fee paid to 2 (2018: 2) Independent Directors.

45.4 Chief Executive Officer, Executive Directors, certain key management personnel (other than Directors) and some of the Executives are provided with Company maintained cars in accordance with their terms of employment. The Company bears travelling expenses of Chairman, Chief Executive Officer and Directors relating to travel for official purposes including expenses incurred in respect of attending Board and Committee meetings.

45.5 Executives mean employees other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1,200,000/- in a financial year.

Rupees	Note	2019	2018
46. SHARIAH COMPLIANCE DISCLOSURE			
Loans / advances obtained as per Islamic mode	46.1	3,439,647,736	3,205,597,707
Shariah compliant bank deposits / bank balances	46.2	425,785,021	448,155,085
Profit earned from Shariah compliant bank deposits / balances		4,139,190	2,391,890
Mark-up paid on Islamic mode of financing		320,198,075	222,560,508
Interest paid on any conventional loan or advance		447,265,480	281,062,653

46.1 These loans have been obtained against various facilities from different Islamic financial institutions under various financing arrangements and carry profit rate ranging between MK / 3MK 0.65% to 1% (2018: 3MK + 0.65% to 0.85%) per annum.

46.2 These represent saving accounts with Islamic financial institutions and carry profit ranging up to 6 % (2018: 5.50%).

46.3 The entire revenue of the Company is from Shariah compliant business segment except for profit / interest income earned on term deposit receipts / saving accounts maintained with conventional banks. During the year no investments of any kind were made.

47. ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable 'Steel' segment, the principal classes of products of which are steel re-bars, girders and billets.

- (i) Majority of the sale is made to customers within the country.
- (ii) All non-current assets of the Company as at June 30, 2019 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material in the overall context of these financial statements.
- (iii) The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.
- (iv) The Company's principal classes of products accounted for the following percentages of sales:

	2019	2018
Steel re-bars	47%	63%
Girders	35%	33%
Billets	12%	4%
Others	6%	0%
	100%	100%

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Rupees	For the year ended June 30, 2019			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing	829,000,000	2,510,954,259	–	3,339,954,259
Unclaimed dividend	3,303,075	(265,488)	–	3,037,587
Unpaid dividend	—	(550,894,900)	553,519,230	2,624,330
Accrued profit / interest / mark-up	101,322,923	–	219,824,466	321,147,389
Short-term loans from banking companies	7,540,375,822	1,491,820,367	–	9,032,196,189
Short-term loans from Directors and their relatives	300,000,000	(228,023,687)	758,204,669	830,180,982
	8,774,001,820	3,223,590,551	1,531,548,365	13,529,140,736

Rupees	For the year ended June 30, 2018			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing	31,712,571	797,287,429	–	829,000,000
Unclaimed dividend	16,127,596	(163,784,311)	150,959,790	3,303,075
Accrued profit / interest / mark-up	66,546,870	–	34,776,053	101,322,923
Short-term loans from banking companies	7,976,911,126	(436,535,304)	–	7,540,375,822
Short-term loans from Directors and their relatives	37,082,301	(37,082,301)	300,000,000	300,000,000
	8,128,380,464	159,885,513	485,735,843	8,774,001,820

48.1 This represents net amount of proceeds and repayments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

49. FINANCIAL INSTRUMENTS

The effect of initially applying IFRS 9 on the Company's financial instruments is described in note 5.1. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

Financial risk management:

The Company has exposure to the following risks arising from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

49.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from long-term loan to employees, long-term deposits, trade debts, certain loans and advances, certain deposits, prepayments and receivables and balances with banks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

The carrying value of financial assets represents the maximum credit risk. The detail of financial assets along with maximum exposure to credit risk is as follows:

Rupees	2019	2018
Long-term loans to employees	12,704,229	6,570,659
Long-term deposits	21,430,317	20,845,317
Trade debts - net	3,304,003,346	1,263,279,786
Loans and advances	24,333,705	28,058,616
Deposits, prepayments and other receivables	9,136,944	194,862
Bank balances	3,194,717,857	1,248,652,589
	6,566,326,398	2,567,601,829

Maximum exposure to credit risk by type of counterparty is as follows:

Trade debts	3,304,003,346	1,263,279,786
Bank balances with banking companies and financial institutions	3,203,854,801	1,248,847,451
Others	58,468,251	55,474,592
	6,566,326,398	2,567,601,829

Geographically there is no concentration of credit risk. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 99% (2018: 98%) of the total financial assets.

The Company believes that it is not exposed to any specific credit risk in respect of trade debts since the maximum exposure to credit risk for trade debts as at June 30, 2019 and 2018 was with government and semi-government departments and individual customers. The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade debts. Majority of the Company's customers have been transacting with the Company for over five years, and none of these customers' balances have been written off, have had any default history or are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 11.

The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties assigned to them by credit rating agencies. Out of the total bank balances of Rs. 3,194.718 million (2018: Rs. 1,248.653 million) amounts aggregating to Rs. 2,929.129 million (2018: Rs. 1,007.687 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

In respect of financial guarantees provided by the Company to banks/financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the guarantees provided.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

The Company does not hold any collateral as security against any of its financial assets other than long-term loans to employees and loans and advances as detailed in relevant notes.

49.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes. 20 and 27 to the financial statements is a detail of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Rupees	Carrying amount	Contractual cash flows	Within 1 year	More than 1 but less than 5 years	After 5 years
Financial liabilities					
At amortized cost					
- Long-term financing	3,339,954,259	4,472,091,997	917,418,765	3,554,673,232	-
- Deferred liabilities	400,000	400,000	-	400,000	-
- Trade and other payables	336,617,073	336,617,073	336,617,073	-	-
- Unclaimed dividend	3,037,587	3,037,587	3,037,587	-	-
- Unpaid dividend	2,624,330	2,624,330	2,624,330	-	-
- Accrued profit / interest / mark-up	321,147,389	321,147,389	321,147,389	-	-
- Short-term loans from banking companies	9,171,452,321	9,171,452,321	9,171,452,321	-	-
- Short-term loans from Directors and their relatives	830,180,982	830,180,982	830,180,982	-	-
June 30, 2019	14,005,413,941	15,137,551,679	11,582,478,447	3,555,073,232	-

Rupees	Carrying amount	Contractual cash flows	Within 1 year	More than 1 but less than 5 years	After 5 years
Financial liabilities					
At amortized cost					
- Long-term financing	829,000,000	1,044,320,883	-	1,044,320,883	-
- Trade and other payables	231,169,350	231,169,350	231,169,350	-	-
- Unclaimed dividend	3,303,075	3,303,075	3,303,075	-	-
- Accrued profit / interest / mark-up	101,322,923	101,322,923	101,322,923	-	-
- Short-term loans from banking companies	7,540,375,822	7,540,375,822	7,540,375,822	-	-
- Short-term loans from Directors and their relatives	300,000,000	300,000,000	300,000,000	-	-
June 30, 2018	9,005,171,170	9,220,492,053	8,176,171,170	1,044,320,883	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts. The contractual cash flow relating to long-term financing have been determined on the basis of expected interest / mark-up rates. These rates have been disclosed in note. 20 to the financial statements.

49.3 Market risk

Market risk is the risk that changes in market prices, such as currency risk, interest rates and equity prices will affect the Company's income or the value of its holdings of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is mainly exposed to currency risk on foreign creditors which are denominated in currency other than the functional currency of the Company.

The Company's exposure to foreign currency risk is as follows:

Rupees	2019	2018
- Foreign creditors in US Dollar (\$)	160,000	-
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	164.50	-

Sensitivity analysis:

At the reporting date, if the Pakistani rupee had reasonably possibly strengthened / weakened by 5% against USD, it would have affected the measurement of financial instruments denominated in foreign currency and affected profit after taxation by the amounts shown below at the reporting date.

Rupees	2019	2018
Net effect on profit after tax due to:		
- Increase / decrease in foreign creditors in US Dollar (\$)	1,316,000	-

The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Currency risk management:

The Company manages currency risk by maintaining balance between sight and deferred letters of credit and switching amongst them when required necessary.

ii) Price risk:

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments trading in market. The Company does not hold any investments which exposed it to price risk.

iii) Interest rate risk:

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term financing, short-term loans from banking companies and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Rupees	2019	2018
Variable rate instruments		
- Financial assets	195,351,070	160,504,863
- Financial liabilities	12,372,150,448	8,369,375,822

Sensitivity analysis:

Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial instruments at fair value through profit or loss, therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at reporting date would have increased / decreased profit for the year by Rs. 121.767 million (2018: 85.299 million)

The related mark-up rates for variable rate financial instruments are indicated in the relevant notes to the financial statements. The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the period and assets / liabilities of the Company.

Interest rate risk management:

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

49.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs – are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs – these are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs – are unobservable inputs for the asset or liability.

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long-term loans to employees, long-term deposits, security deposit payable, the fair value of financial assets and financial liabilities recognised in these financial statements equals the transaction price at initial recognition. Due to immaterial effect, the fair value of long-term loans to employees, long-term deposits and security deposit payable has not been determined and their carrying value has been assumed to be equal to their fair value. Accordingly, the carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

49.5 Financial instruments by category

Rupees	2019	2018
	Amortised cost	Loans and receivables
Financial assets:		
Maturity within one year		
- Trade debts	3,304,003,346	1,263,279,786
- Loans and advances	24,333,705	28,058,616
- Deposits, prepayments and other receivables	9,136,944	194,862
- Cash and bank balances	3,201,749,851	1,251,171,472
Maturity after one year		
- Long-term loan to employees	12,704,229	6,570,659
- Long-term deposits	21,430,317	20,845,317
	6,573,358,392	2,570,120,712
Other financial liabilities		
Financial liabilities:		
Maturity within one year		
- Trade and other payables	336,617,073	231,169,350
- Unclaimed dividend	3,037,587	3,303,075
- Unpaid dividend	2,624,330	-
- Accrued profit / interest / mark-up	321,147,389	101,322,923
- Short-term loans from banking companies	9,171,452,321	7,540,375,822
- Short-term loans from Directors and their relatives	830,180,982	300,000,000
Maturity after one year		
- Long-term financing	2,808,581,748	829,000,000
- Deferred liabilities	400,000	-
	13,474,041,430	9,005,171,170
Off balance sheet financial liabilities:		
- Letters of credits	2,822,527,415	2,574,078,618
- Letters of guarantees	985,442,344	1,165,935,910
	3,807,969,759	3,740,014,528

50. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 64% (2018: 54%) as of the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

51. SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

The Board of Directors in their meeting held on September 20, 2019 has proposed a final cash dividend of Rs. 1.20/- per share (2018: Rs. 2.20/- per share) for the year ended June 30, 2019, amounting to Rs. 301.919 million (2018: Rs. 553.519 million) subject to the approval of members at the annual general meeting. The effect of final cash dividend shall be accounted for in the period in which it is approved by the members.

52. RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS

The Company has changed the classification of certain items in its financial statements to ensure compliance with disclosure requirements of the Act and for purpose of better presentation. Accordingly, following comparative figures of items in financial statements have been reclassified:

Reclassified from component:	Reclassified to component:	Rupees
Stores, spares and loose tools	Inventories	
- Stores, spares and loose tools	- Stores, spares and loose tools	
- in-hand	- in-hand	574,624,171
- Stores, spares and loose tools	- Stores, spares and loose tools	
- in-transit	- in-transit	22,573,617
Stock-in-trade	Inventories	
- Raw material	- Raw material	
- in-hand	- in-hand	4,765,556,410
- Raw material	- Raw material	
- in-transit	- in-transit	315,025,659
- Finished goods	- Finished goods	239,138,332
Deferred Liabilities	Deferred taxation	
- Deferred taxation	- Deferred taxation	601,373,754
Deferred Liabilities	Defined benefit obligation	
- Defined benefits obligation	- Defined benefits obligation	150,775,595
Trade and other payables	Trade and other payables	
- Advances from customers	- Contract liabilities	117,764,394

53. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 20, 2019 by the Board of Directors of the Company.

54. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

06

OTHER INFORMATION

- Pattern Of Shareholding
- Category Of Shareholders
- Notice Of Annual General Meeting
- Statement Of Material Facts As Required
Under Section 134(3) Of The Companies
Act, 2017
- Form Of Proxy
- پراکسی فارم
- Definitions
- Glossary Of Terms

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2019

No. of shareholder	Having shares		Shares held	Percentage
	From	To		
703	1	100	30721	0.0122
1316	101	500	551507	0.2192
1690	501	1000	1369013	0.5441
2852	1001	5000	6087756	2.4196
413	5001	10000	3354058	1.3331
137	10001	15000	1746688	0.6942
76	15001	20000	1414052	0.5620
63	20001	25000	1493555	0.5936
39	25001	30000	1134562	0.4509
21	30001	35000	697693	0.2773
26	35001	40000	1004500	0.3992
12	40001	45000	513850	0.2042
29	45001	50000	1428700	0.5678
12	50001	55000	631432	0.2510
6	55001	60000	350951	0.1395
6	60001	65000	378747	0.1505
8	65001	70000	555000	0.2206
6	70001	75000	443500	0.1763
3	75001	80000	238004	0.0946
2	80001	85000	168000	0.0668
2	85001	90000	180000	0.0715
4	90001	95000	371000	0.1475
8	95001	100000	799929	0.3179
5	100001	105000	510500	0.2029
1	110001	115000	114500	0.0455
4	115001	120000	473000	0.1880
1	120001	125000	125000	0.0497
3	130001	135000	397506	0.1580
3	135001	140000	416000	0.1653
1	140001	145000	143000	0.0568
1	145001	150000	150000	0.0596
1	150001	155000	155000	0.0616
3	160001	165000	490078	0.1948
2	170001	175000	350000	0.1391
5	195001	200000	1000000	0.3975
1	205001	210000	205500	0.0817
1	220001	225000	225000	0.0894
1	240001	245000	245000	0.0974
4	245001	250000	1000000	0.3975
3	250001	255000	763500	0.3035
1	255001	260000	255500	0.1016
1	270001	275000	272500	0.1083
2	280001	285000	567700	0.2256
1	295001	300000	296500	0.1178
1	320001	325000	325000	0.1292
1	325001	330000	326581	0.1298
1	380001	385000	381000	0.1514
2	395001	400000	796500	0.3166
1	430001	435000	433000	0.1721
1	535001	540000	539500	0.2144
1	605001	610000	608000	0.2417
1	620001	625000	624000	0.2480
1	660001	665000	664500	0.2641
1	685001	690000	688336	0.2736
1	715001	720000	720000	0.2862
1	725001	730000	727000	0.2890
1	1015001	1020000	1020000	0.4054
1	1155001	1160000	1158978	0.4606
1	1230001	1235000	1235000	0.4909
1	1295001	1300000	1298500	0.5161
1	1530001	1535000	1533000	0.6093
1	1815001	1820000	1815500	0.7216
1	2020001	2025000	2025000	0.8048
1	2105001	2110000	2108000	0.8378
1	2155001	2160000	2157000	0.8573
1	2280001	2285000	2285000	0.9082
1	3110001	3115000	3113457	1.2375
1	3120001	3125000	3121685	1.2407
1	3205001	3210000	3207805	1.2750
1	3355001	3360000	3358500	1.3349
1	3970001	3975000	3972774	1.5790
1	6075001	6080000	6078831	2.4161
1	6230001	6235000	6233142	2.4774
1	6580001	6585000	6580150	2.6153
1	17640001	17645000	17640853	7.0115
2	26530001	26535000	53068642	21.0925
2	27265001	27270000	54532686	21.6744
1	34120001	34125000	34122728	13.5623
7516	Company Total		251599650	100.0000

CATEGORY OF SHAREHOLDERS

AS ON JUNE 30, 2019

Particulars	No of Folio	Balance Shares	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	11	147843747	58.7615
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	12	44186838	17.5624
BANKS, DFI AND NBFI	3	5791500	2.3019
INSURANCE COMPANIES	11	4100424	1.6297
MUTUAL FUNDS	32	9056394	3.5995
GENERAL PUBLIC (LOCAL)	7113	31961201	12.7032
GENERAL PUBLIC (FOREIGN)	240	1211712	0.4816
OTHERS	93	7415834	2.9475
FOREIGN COMPANIES	1	32000	0.0127
COMPANY TOTAL	7516	251599650	100.0000

Folio No	Name	Code	Balance Held	Percentage
003525098701	MIRZA JAVED IQBAL	001	6580150	2.6153
003525098702	FAHAD JAVAID	001	27266343	10.8372
003525099002	MUHAMMAD MUBEEN TARIQ MUGHAL	001	34122728	13.5623
003525099006	KHURRAM JAVAID	001	27266343	10.8372
003525099040	FAZEEL BIN TARIQ	001	17640853	7.0115
003525100817	JAMSHED IQBAL	001	6078831	2.4161
003525100829	MUHAMMAD MATEEN JAMSHED	001	26534321	10.5462
007294005652	MUHAMMAD MUBEEN TARIQ MUGHAL	001	164539	0.0654
007294014035	JAMSHED IQBAL	001	164539	0.0654
007294014068	MIRZA JAVED IQBAL	001	2025000	0.8049
014720005279	ABDUL REHMAN QURESHI	001	100	0.0000
000000000007	MUHAMMAD WALEED BIN TARIQ MUGHAL	002	1158978	0.4606
000000007919	SUMAIRA SHAKEEL AHMED	002	3450	0.0014
000000007959	SUMAIRA SHAKEEL AHMED	002	1000	0.0004
000000008009	SUMMAIRA SHAKEEL AHMED	002	1000	0.0004
000000008325	ADIL AHMED MUGHAL	002	400000	0.1590
003525099052	TABASSUM JAVED	002	3207805	1.2750
003525099137	MUHAMMAD TARIQ IQBAL MUGHAL	002	6233142	2.4774
003525099157	NIGHAT TARIQ	002	3113457	1.2375
003525101545	SAMINA JAMSHED	002	3121685	1.2407
003525102177	MUHAMMAD SAYYAM	002	26534321	10.5462
007294013003	ADIL AHMED MUHGAL	002	296500	0.1178
010629183064	MUHAMMAD TARIQ IQBAL MUGHAL	002	115500	0.0459
003335000057	BANK ALFALAH LIMITED	004	2108000	0.8378
004127000028	MCB BANK LIMITED - TREASURY	004	3358500	1.3349
009944000024	AL BARAKA BANK (PAKISTAN) LIMITED	004	325000	0.1292
002139000029	PREMIER INSURANCE LIMITED	005	4000	0.0016
002451000021	JUBILEE GENERAL INSURANCE COMPANY LIMITED	005	1235000	0.4909
003277008372	EXCEL INSURANCE CO.LTD.	005	924	0.0004
003277102037	JUBILEE GENERAL WINDOW TAKAFUL OPERATIONS	005	60500	0.0240
003459000096	ASKARI GENERAL INSURANCE CO. LTD.	005	15000	0.0060
012690000096	IGI LIFE INSURANCE LIMITED	005	11500	0.0046
013748000501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	005	1020000	0.4054
013748000543	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL FUND	005	283000	0.1125
013748000550	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	005	155000	0.0616
013755000021	ADAMJEE INSURANCE COMPANY LIMITED	005	1298500	0.5161
014357000029	ALFALAH INSURANCE COMPANY LIMITED	005	17000	0.0068
000620054317	UNICOL LIMITED EMPLOYEES PROVIDENT FUND	006	5000	0.0020
003277001149	B.F.MODARABA	006	25000	0.0099
003277004962	FIRST ALNOOR MODARABA	006	7000	0.0028
005371000028	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	006	1533000	0.6093
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	213	0.0001
006072000023	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	006	5000	0.0020
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	500	0.0002
006213000025	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	006	253500	0.1008
007450000521	B.R.R. GUARDIAN MODARABA	006	132486	0.0527
009480000021	CDC - TRUSTEE NAFA STOCK FUND	006	3972774	1.5790
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	381000	0.1514

CATEGORY OF SHAREHOLDERS

AS ON JUNE 30, 2019

Folio No	Name	Code	Balance Held	Percentage
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	487	0.0002
010801000027	CDC - TRUSTEE NBP ISLAMIC SARMAZA IZAFSA FUND	006	688336	0.2736
010918000024	MC FSL TRUSTEE JS - INCOME FUND	006	500	0.0002
011049000029	MC FSL - TRUSTEE JS GROWTH FUND	006	284700	0.1132
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	81	0.0000
011262000023	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	006	250000	0.0994
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	10000	0.0040
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	1292	0.0005
012310000025	CDC - TRUSTEE FIRST HABIB STOCK FUND	006	29000	0.0115
012625000027	CDC - TRUSTEE NBP SARMAZA IZAFSA FUND	006	624000	0.2480
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	30000	0.0119
014688000029	CDC - TRUSTEE NIT INCOME FUND - MT	006	91000	0.0362
014977000024	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	006	902	0.0004
015974000023	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	006	326581	0.1298
016030000025	CDC - TRUSTEE PIML VALUE EQUITY FUND	006	30000	0.0119
016048000024	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	006	41000	0.0163
016386000024	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	006	42	0.0000
016394000023	CDC - TRUSTEE PIML ASSET ALLOCATION FUND	006	50000	0.0199
016402000020	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	006	132000	0.0525
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	138000	0.0548
017475000022	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	006	13000	0.0052
000000008307	SUSPENSE ACCOUNT (R-1) MCB & SUMMIT	010	30378	0.0121
0014460000874	TRUSTEE - MCB PROVIDENT FUND PAK STAFF	010	664500	0.2641
001651000027	FORTUNE SECURITIES LIMITED	010	5000	0.0020
001669000026	SHAFFI SECURITIES (PVT) LIMITED	010	53932	0.0214
003277001339	PREMIER FASHIONS (PVT) LTD	010	29000	0.0115
003277001340	SIZA (PRIVATE) LIMITED	010	65000	0.0258
003277002404	MOHAMAD AMIN BROS (PVT) LIMITED	010	45500	0.0181
003277004841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	010	255500	0.1016
003277007633	TRUSTEES MOHAMAD AMIN WAKF ESTATE	010	40000	0.0159
003277026972	WESTBURY (PRIVATE) LTD	010	200000	0.0795
003277048863	CUMBERLAND (PVT) LIMITED	010	20000	0.0079
003277050590	TECHNOLOGY LINKS (PVT.) LIMITED	010	7000	0.0028
003277061491	M/S RANG COMMODITIES (PVT) LTD	010	30000	0.0119
003277067767	ANAM FABRICS (PVT) LTD.	010	20000	0.0079
003277069336	RIBAT-UL-LUM-IL-ISLAMIYAH	010	1150	0.0005
003277083462	NADEEM INTERNATIONAL (PVT.) LTD.	010	2000	0.0008
003277089780	GLOBE MANAGERMENTS (PRIVATE) LIMITED	010	49500	0.0197
003277090405	DAWOOD FAMILY TAKAFUL LIMITED	010	104500	0.0415
003277090406	DAWOOD FAMILY TAKAFUL LIMITED	010	100500	0.0399
003277090408	DAWOOD FAMILY TAKAFUL LIMITED	010	29500	0.0117
003277094508	TRUSTEE OF DAWOOD FAMILY TAKAFUL LIMITED EMPLOYEES PF	010	6000	0.0024
003350000022	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	010	5000	0.0020
003525063817	NH SECURITIES (PVT) LIMITED.	010	20000	0.0079
003525087235	MAPLE LEAF CAPITAL LIMITED	010	1	0.0000
003525089724	SUNRAYS TEXTILE MILLS LIMITED	010	25000	0.0099
004085000024	MRA SECURITIES LIMITED	010	69500	0.0276
004192000021	NETWORTH SECURITIES LIMITED	010	80000	0.0318
004234000025	RAFI SECURITIES (PRIVATE) LIMITED	010	2000	0.0008
004317000025	DALAL SECURITIES (PVT) LTD.	010	25000	0.0099
004374000029	IQBAL USMAN KODVAI SECURITIES (PVT) LTD	010	99929	0.0397
004705087224	FEDERAL BOARD OF REVENUE	010	63623	0.0253
004804031434	PREMIER CABLES (PVT.) LIMITED	010	10000	0.0040
004879000028	AKHAI SECURITIES (PRIVATE) LIMITED	010	800	0.0003
004952000028	SHERMAN SECURITIES (PRIVATE) LIMITED	010	15500	0.0062
005298000028	MAAN SECURITIES (PRIVATE) LIMITED	010	104500	0.0415
005348000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	010	2000	0.0008
005660015202	TRUSTEE FRANCISCANS OF ST.JOHN THE BAPTIST PAKISTAN	010	8000	0.0032
005736000015	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	010	143000	0.0568
005884012310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	010	12500	0.0050
006122107524	DATANET	010	2000	0.0008
006684000029	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	010	50000	0.0199
007054000024	BHAYANI SECURITIES (PVT) LTD.	010	23500	0.0093
007179000020	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	010	20000	0.0079

Folio No	Name	Code	Balance Held	Percentage
007229000023	ALTAF ADAM SECURITIES (PVT) LTD.	010	49500	0.0197
007443000027	Y.H. SECURITIES (PVT.) LTD.	010	11500	0.0046
007450001040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEEES P.FUND	010	13000	0.0052
007450023234	DAWOOD FAMILY TAKAFUL LIMITED EMPLOYEES PROVIDENT FUND	010	1000	0.0004
009332000028	FIRST CREDIT & INVESTMENT BANK LIMITED	010	7000	0.0028
010629064934	TRUSTEE CHERAT CEMENT COMPANY LTD.STAFF GRATUITY FUND	010	80000	0.0318
010629173271	HAMDARD LABORATORIES (WAFQ) PAKISTAN	010	50000	0.0199
010819000026	PAK BRUNEI INVESTMENT COMPANY LIMITED	010	727000	0.2890
011072000026	SEVEN STAR SECURITIES (PVT.) LTD.	010	19000	0.0076
011072000034	SEVEN STAR SECURITIES (PVT.) LTD.	010	7000	0.0028
011692000021	ABA ALI HABIB SECURITIES (PVT) LIMITED	010	2157000	0.8573
012484007807	BRAVISTO (PVT) LIMITED	010	1	0.0000
012666001708	TRUSTEE OF HMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	010	10000	0.0040
012690000566	THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	010	4500	0.0018
012690000574	THAL LIMITED EMPLOYEES PROVIDENT FUND	010	30000	0.0119
012690000947	PROSPERITY WEAVING MILLS LIMITED	010	39000	0.0155
012690001002	NAGINA COTTON MILLS LIMITED	010	37000	0.0147
012690001143	DESCON OXYCHEM LTD. EMPLOYEES PROVIDENT FUND	010	500	0.0002
012690001150	INSPECTEST (PVT.) LIMITED EMPLOYEES PROVIDENT FUND	010	500	0.0002
012690001192	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	010	90500	0.0360
012690001200	BRISTOL-MYERS SQUIBB PAK (PVT) LTD EMP PROV FUND	010	10000	0.0040
012690001259	DESCON POWER SOLUTIONS PVT LTD STAFFPROV FUND TRUST	010	3500	0.0014
012690001424	ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	010	14500	0.0058
012690001580	AVI DINSHAW (PRIVATE) LIMITED	010	7000	0.0028
012690001598	KHURSHEED SALT WORKS (PRIVATE) LIMITED	010	2500	0.0010
012690001606	FRAMROZE E. DINSHAW (PRIVATE) LIMITED	010	5500	0.0022
012690001614	KARACHI LIGHTERAGE COMPANY (PRIVATE) LIMITED	010	1500	0.0006
012690001622	EDDIE COMPANY (PRIVATE) LIMITED	010	4000	0.0016
012690001671	THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	010	43000	0.0171
012690001697	CMPAK LIMITED STAFF PROVIDENT FUND	010	65500	0.0260
012922000021	ABA ALI HABIB SECURITIES (PVT) LIMITED - MT	010	40500	0.0161
013003000567	ARIF HABIB COMMODITIES (PVT) LTD	010	11500	0.0046
013490000024	ADAM SECURITIES LTD. - MT	010	433000	0.1721
013649000024	JS GLOBAL CAPITAL LIMITED - MF	010	22500	0.0089
014118000027	ASDA SECURITIES (PVT.) LTD.	010	83000	0.0330
014332000021	HIGH LAND SECURITIES (PVT) LIMITED	010	1500	0.0006
014415000021	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	010	133020	0.0529
014431000029	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	010	161000	0.0640
014753000020	ARIF HABIB LIMITED - MF	010	396500	0.1576
015578000021	BEST SECURITIES (PVT) LIMITED	010	5000	0.0020
016212000023	BIPL SECURITIES LIMITED - MF	010	17000	0.0068
016642000021	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	010	12000	0.0048
016691000026	ROYAL SECURITIES (PVT.) LIMITED - MF	010	2000	0.0008
016808000021	CDC - TRUSTEE AGPF EQUITY SUB-FUND	010	4000	0.0016
016857000026	MRA SECURITIES LIMITED - MF	010	35000	0.0139
016865000025	BAWA SECURITIES (PVT) LTD. - MF	010	10000	0.0040
016980000021	ASDA SECURITIES (PRIVATE) LIMITED - MF	010	1000	0.0004
017103000025	DARSON SECURITIES (PVT.) LIMITED - MF	010	500	0.0002
017509000026	TRUST SECURITIES & BROKERAGE LIMITED - MF	010	5000	0.0020
017525000024	BEST SECURITIES (PRIVATE) LIMITED - MF	010	10000	0.0040
003533000722	HABIB BANK AG ZURICH, DEIRA DUBAI	012	32000	0.0127

TRADING IN SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2019

Sr. #	Name	Shares purchased/transferred during the year		
		Purchase	Gift in	Gift out
Director				
	Mirza Javed Iqbal	2,025,000	-	-
	Jamshed Iqbal	-	-	(50,126,599)
	Muhammad Mateen Jamshed	-	20,470,593	-
	Muhammad Mubeen Tariq Mughal	-	-	(21,432,952)
	Fazeel Bin Tariq	-	12,086,353	-
Spouse of Director				
	Samina Jamshed	-	3,121,685	-

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** ("the Company") will be held on Thursday, October 31, 2019 at 11.00 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditor's Reports thereon for the year ended June 30, 2019.
2. To declare final cash dividend @ 12% i.e. Rs. 1.20/- per share of Rs. 10/- each for the year ended June 30, 2019, as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

A notice referred to in sub-section (2) of section 246 of the Companies Act, 2017 is hereby given to the members that, the Board of Directors upon recommendation of the Audit Committee has recommended the name of M/s Fazal Mahmood & Co., Chartered Accountants, the retiring auditors, for re-appointment as external auditors of the Company after obtaining their consent.

4. To elect nine (09) Directors of the Company for period of three years commencing from October 31, 2019. The Board of Directors in accordance with section 159 of the Companies Act, 2017, in its meeting held on September 20, 2019 has fixed the number of elected Directors be nine (09) out of which two (02) male and one (01) female independent Directors are proposed to be elected. The names of retiring Directors of the Company are as follows :

1. Mr. Mirza Javed Iqbal
2. Mr. Abdul Rehman Qureshi
3. Mr. Shoaib Ahmad Khan
4. Mr. Jamshed Iqbal
5. Mr. Khurram Javaid
6. Mr. Muhammad Mubeen Tariq Mughal
7. Mr. Fazeel Bin Tariq
8. Mr. Fahad Javaid
9. Mr. Muhammad Mateen Jamshed

SPECIAL BUSINESS

5. To ratify and approve transactions entered into by the Company with related parties in its ordinary course of business by passing the following special resolutions:

"RESOLVED that the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2019 as disclosed in relevant notes to the financial statements are hereby ratified and approved."

"FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to execute / approve all the transactions to be carried out in its ordinary course of business with related parties during the ensuing year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

6. To sanction the holding of office of profit under the Company by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as Executive Directors of the Company.

Statement required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Annual General Meeting is annexed.

(By Order of the Board)

-sd-

Muhammad Fahad Hafeez
Company Secretary

Lahore: October 07, 2019

NOTES:

1. Book closure

Share transfer books of the Company will remain closed from October 24, 2019 to October 31, 2019 (both days inclusive). Physical transfers / Central Depository System (CDS) Transaction IDs received in order by the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, up to the close of business on October 23, 2019, will be considered in time, for the entitlement of payment of final cash dividend and determination of entitlement of the members to attend and vote at the Meeting.

2. Participation in General Meeting

Members are requested to bring along with them their Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC)/Passport in original. Members, who have deposited their shares into CDS, must also bring with them their CDC Investor Account Number/Participant's ID Number and Sub-Account Number. In case of corporate entities, the board's resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

A member of the Company entitled to attend and vote at this Meeting may appoint any other member of the Company as his/her proxy to attend, speak and vote instead of him/her at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/executed and in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi not later than forty eight (48) hours before the time scheduled for the Meeting. The proxy shall produce his original CNIC/SNIC or original Passport at the time of the Meeting. An instrument of proxy applicable for the Meeting is being provided with the Notice being sent to Members. Further, copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: <http://www.mughalsteel.com>.

3. Procedure to contest the election to the office of Director

Any member who seeks to contest the election to the office of Director shall, whether he/she is a retiring Director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the Meeting, the following details/documents:

- i. Notice of intention to offer himself/herself for election as a Director in terms of section 159(3) of the Companies Act, 2017;
- ii. Consent to act as a Director on duly signed and completed Form-28 under Section 167(1) of the Companies Act, 2017;
- iii. Detailed profile along with his/her office address for placement on Company's website;
- iv. Attested copy of valid CNIC/SNIC/Passport and National Tax Number (NTN);
- v. His/her Folio Number/CDC Investors Account Number/

CDC Participant ID Number/Sub-Account Number. A person must have qualifying shares worth of Rs. 1,000/- of the Company at the time of filing of his / her consent to act as Director. The aforesaid qualification shall not be applicable to persons mentioned in proviso to Section 153(i) of the Act;

- vi. Detail of other directorship and offices held;
- vii. Signed declaration to the effect that he/she is aware of duties and powers of Directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations; and
- viii. Signed declaration to the effect that he/she is compliant with requirements and eligibility/qualification criteria as set out in the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations for appointment as Director / Independent Director of a listed company.

4. Postal Ballot/E-Voting:

Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Act, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

5. Payment of dividend through electronic mode

Under the provisions of Section 242 the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders **ONLY** through electronic mode directly into bank account designated by the entitled shareholders. Keeping in view the same, members are requested to promptly provide/update their International Bank Account Number ("IBAN") details on the "Electronic Credit Mandate Form" available on the Company's website: www.mughalsteel.com.

In case of shares held in physical form, members shall send duly signed Form as mentioned above along with a copy of CNIC/SNIC/Passport to the Company at its Registered Office address. In case shares are held in CDS then "Electronic Credit Mandate Form" must be submitted directly with relevant Participant/CDC account services.

Please note that in case of failure to provide valid IBAN details by the members, the Company will be entitled to withhold payment of dividend in accordance with the relevant provisions of the Companies Act, 2017 and related regulations.

6. General notes

a) Change in address

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Members maintaining their shares in CDS should have their address updated with their relevant Participant/CDC account services.

NOTICE OF ANNUAL GENERAL MEETING (Contd.)

b) CNIC/SNIC/NTN number

CNIC/SNIC or NTN (in case of corporate entities) number of members are mandatorily required for dividend distribution. As per Regulation No. 6 of the Companies (Distribution of Dividend) Regulations, 2017 and Section 243(3) of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to members, in case of non-availability of identification number of the members (CNIC/SNIC or NTN).

Members are therefore requested to submit a copy of their CNIC/SNIC or NTN (in case of corporate entities) to the Share Registrar, if not already provided. The members while sending CNIC/SNIC or NTN must quote their respective Folio number and name of the Company.

c) Revised Treatment of withholding tax

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2019, effective July 1, 2019, withholding of tax on dividend based on 'Active' and 'Non-Active' status of members shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

All the members whose names are not entered into the Active Taxpayer List, despite the fact that they are filers, are advised to make sure that their names are entered into the list before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @30% instead @15%. **Members seeking exemption from deduction of income tax or those members who are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.**

Furthermore, according to clarification provided by the FBR; in case shares are jointly held either in physical form or in CDS, each joint-holder is to be treated separately as Active or Non-Active. In terms of the said clarification, tax of each joint-holder will deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Share Registrar and thus tax rates are applied in line with respective proportions.

Therefore, in order to avoid deduction of tax at a higher rate, those members who are holding shares either in physical form or CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company's Share Registrar (in case of physical shareholding) or their Participants/CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

7. Electronic transmission of financial statements.

Section 55 and section 223 of the Companies Act, 2017 provide that audited financial statements and notices of the general meetings may be sent to the members either by post or electronically (through e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of general meetings through e-mail in future. In this respect members are hereby requested to convey their consent for the same on a standard request form which is available on the Company's website i.e. www.mughalsteel.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Share Registrar of any changes in their registered e-mail addresses.

Members who desire to receive a copy of any annual financial statements and notice of general meeting in hard form, may demand a copy, which shall be provided free of cost within seven days.

8. Video-link facility

Members can also avail video link facility. In this regard, the members residing in a city and collectively holding at least 10% of the total paid up capital may demand the Company to provide the facility of video-link for participating in the Meeting. The demand for video-link facility shall be received by the Company at its Registered Office address at least seven days prior to the date of the Meeting on the below mentioned form.

"I/We, _____ resident of _____, being a member of Mughal Iron & Steel Industries Limited, holder of _____ ordinary share(s) as per Registered Folio /CDC Account No. _____ hereby opt for video-link facility at _____."

Signature of member

9. Unclaimed shares / dividend

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017 and related regulations. Accordingly, members are requested to promptly deposit their dividend warrants after re-validation, if already available with them. In case dividend warrants or share certificates have not been received, please contact us at our registered office address.

10. Placement of financial statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2019 along with Directors' and Auditor's Reports thereon on its website: www.mughalsteel.com or scan QR Code.

11. Contact us

For any query/problem/information, the investors may contact the Company Secretary at +92-42-35960841 and email address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-021-111-000-322 and email address sfc@thk.com.pk.

STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESSES TO BE TRANSACTED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the Businesses listed at agenda items 4 to 6, to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 31, 2019.

Agenda Item No. 4.

Statement as required u/s 166(3) of the Companies Act, 2017

Any person who is eligible under section 153 and meets the criteria under section 166 of the Companies Act, 2017, may submit nomination to be elected as Independent Director. However, it is noteworthy to mention here that Independent Directors shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017. Final list of contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, website of the company will also be updated with the required information for each Director.

No Directors have direct or indirect interest in the above said business except they may consent for election of directors accordingly.

Agenda Item No. 5.

During the year, there were transactions entered into by the Company in its ordinary course of business with related parties. Since majority of Company's Directors were directly or indirectly interested in these transactions due to their common directorship and/or holding of shares in the related parties, the quorum of Directors could not be formed for approval of these transactions. In view of the above, these transactions, as detailed below, are being placed before the members for their approval.

Name of related party	Detail of transactions	Rs. in Millions
Mughal Steel Metallurgies Corporation Limited	Billet casting	7.235
	Rental income	2.400
	Rent paid	2.550
Al-Bashir (Private) Limited	Rent paid	1.512
Indus Engineering (AoP)	Rent paid	1.200
Major shareholders, Directors and their relatives	Transfer from Equity contribution from Directors & their relatives to short-term loans from Directors & their relatives and regard it as repayable at discretion of the lenders..	758.205
	Repayment of short-term loan from Directors and their relatives.	228.024
	Remuneration paid to Directors	51.780

It is expected that the Company would be conducting related party transactions in the ordinary course of business in the upcoming financial year as well. The majority of Directors are expected to be interested in these transactions due to their relationships, common directorship and shareholding in these related parties. Therefore, such transactions with related parties would require to be approved by the members. In view of the above and in order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the members may authorize the Chief Executive Officer to execute / approve transactions to be carried out in ordinary course of business with related parties during the ensuing year ending June 30, 2020.

The Directors are interested to the extent of their relationships, common directorships and their respective shareholding in the related parties.

Agenda Item No. 6.

The approval of members is being sought by passing an ordinary resolution for holding of office of profit by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as Executive Directors of the Company for a term of three years commencing from the date of their election as Directors. Both of them have been serving the Company as Executive Directors and during their tenure, they have worked with full passion and interest for the growth of the Company.

Except for Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal, none of the Directors of the Company are interested in these proposed appointments.

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MUGHAL IRON & STEEL INDUSTRIES LIMITED
FORM OF PROXY
10th ANNUAL GENERAL MEETING

I/We _____, being member(s) of **Mughal Iron & Steel Industries Limited** and holder of _____ Shares as per Folio No. _____/CDC Participation ID # _____ and Sub Account # _____/CDC Investor Account ID # _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ having Folio No. _____ CDC Participation ID # _____ and Sub Account # _____/CDC Investor Account ID # _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Mughal Iron & Steel Industries Limited scheduled to be held on Thursday, October 31, 2019 at 11:00 AM at Pearl Continental Hotel, Shahrah-e-Quaid e-Azam, Lahore, and at any adjournment thereof.

At witness my/our hand this _____ day of _____ 2019.

Please affix here Revenue Stamps of Rs. 5/-

1. Name _____
 C.N.I.C _____
 Address _____

2. Name _____
 C.N.I.C _____
 Address _____

 Members' Signature
 (This Signature should agree with the specimen signature with the company)

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC/SNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi not later than forty eight (48) hours before the time scheduled for the meeting.
6. The proxy shall produce his original CNIC/SNIC or original Passport at the time of the Meeting.

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, Pakistan.

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مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ

پراکسی فارم (مختار نامہ)

دسواں سالانہ اجلاس عام

میں/ہم _____

بحیثیت رکن مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ اور حال _____ حصص برطبق فوئیو نمبر _____

سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (زیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر _____

محترم/محترمہ _____ یا اسکی غیر موجودگی میں _____

فوئیو نمبر _____ / سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____

اور سب اکاؤنٹ (زیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر _____ کو اپنے/ہمارے ایما پر مورخہ 31 اکتوبر 2019ء بروز جمعرات صبح: 11 بجے

بمقام: پرل کانسٹیبل ہوٹل، شاہراہ قائد اعظم، لاہور پر منعقد ہونے والے مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز _____ تاریخ _____ 2019

گواہان

51 روپے کارسیڈی
نکت یہاں چسپاں کریں

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

1- نام: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پتہ: _____

2- نام: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پتہ: _____

نوٹ

- 1- اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق ممبر اپنی بجائے ووٹ دینے اور شرکت کیلئے کسی دیگر ممبر کو اپنا/اپنی پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔
- 2- ایک ممبر کو ایک سے زیادہ پراکسی مقرر کرنے کا اختیار نہیں ہوگا۔
- 3- پراکسی تقرری کے قواعد یا ضوابط کی صورت میں، دستخط شدہ اور دو لوگوں سے گواہ شدہ ہوں۔ جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں۔
- 4- بینیفیشل اور نوز اور پراکسی کو شناختی کارڈ یا پاسپورٹ کی تصدیق منقول پراکسی فارم کے ہمراہ جمع کرانا ہوں گی۔ بصورت کارپوریٹ شخصیت، پورڈ قرار داد/مختار نامہ مع نمونہ دستخط کمپنی میں پراکسی فارم کے ہمراہ جمع کرانا ہوگا۔
- 5- پراکسی موثر ہونے کے لئے، اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک 6، پی، ای، سی، ایچ، ایس، کراچی دفتر پر لازماً موصول ہو جانی چاہیے۔
- 6- پراکسی اجلاس کے وقت اپنا سی این آئی سی / ایس این آئی سی یا اصل پاسپورٹ دکھائے گا۔

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, Pakistan.

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DEFINITIONS

Gross profit ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net profit ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Current asset ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, bank deposits, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-equity ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings per share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Return on assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Dupont analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlights the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

GLOSSARY OF TERMS

Act	Companies Act, 2017
ACIR	Additional Commissioner Inland Revenue
AGM	Annual General Meeting
AoP	Association of Persons
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BMR	Balancing, Modernization and Replacement
CAPEX	Capital Expenditure
CCG	Listed Companies (Code of Corporate Governance) Regulations, 2017
CDC	Central Depository Company of Pakistan Limited
CNIC	Computerized National Identity Card
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIR-A	Commissioner Inland revenue (Appeals)
CSR	Corporate Social Responsibility
Commission/ SECP	Securities and Exchange Commission of Pakistan
Companies Act / Act	Companies Act, 2017
DCIR	Deputy Commissioner Inland Revenue
DTRE	Duty & Tax Remission for Export
ECL	Expected Credit Loss
EPS	Earnings per share
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit & Loss
FY	Financial Year
GoP	Government of Pakistan
HR & R	Human Resource and Remuneration Committee
HSE	Health, safety and environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
IPO	Initial Public Offering
IT	Information Technology
ITO	Income Tax Ordinance, 2001
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
ISO	International Standards Organization
KIBOR	Karachi Inter Bank Offer Rate
MT	Metric Ton
MISIL/Mughal Steel	Mughal Iron & Steel Industries Limited
MK	Monthly Kibor
NBV	Net Book Value
NTN	National Tax Number
OCI	Other Comprehensive Income
Pa	Per Annum
PACRA	Pakistan Credit Rating Agency
PRA	Punjab Revenue Authority
PUC	Project Unit Cost
Rs.	Pakistan Rupees
PSX / Exchange / Securities Exchange	Pakistan Stock Exchange Limited
Stock Exchange	South Asian Federation of Accountants
SAFA	Securities & Exchange Commission of Pakistan
SECP	Securities Act, 2015
Securities Act	Securities Act, 2015
SNIC	Smart National Identity Card
US\$/ USD	United States Dollar
USA	United States of America
UK	United Kingdom
UoM	Unit of Measurement



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